

RESOLUTION OF THE LOCAL AGENCY FORMATION
COMMISSION FOR LOS ANGELES COUNTY MAKING
DETERMINATIONS FOR APPROVAL OF THE HOLLYWOOD
SPECIAL REORGANIZATION

WHEREAS, as used in this Resolution, the following terms shall mean:

“Applicant” is Hollywood Vote, Inc.;

“Commission” is the Local Agency Formation Commission for Los Angeles County;

“Debt Service Schedule” is the debt service schedule prepared by the City of Los Angeles in accordance with condition 20;

“Effective Date” shall be the July 1st immediately following the Election, if the Hollywood Special Reorganization is approved by the voters in accordance with condition 1;

“Election” consists of both the elections on the question of Hollywood Special Reorganization and for the City Council of the proposed new city as set forth in condition 6;

“Executive Officer” is the Executive Officer of the Commission;

“General Fund Proportionate Share” is 4.88 percent, representing the Special Reorganization Area’s contribution to the City of Los Angeles General Fund, as set forth in the Executive Officer’s Supplemental Report issued May 31, 2002;

“Petition” is the original petition certified as a sufficient petition on November 20, 2000;

“Proposal” is the proposal for special reorganization of the Hollywood area of the City of Los Angeles, consisting of the detachment of the Special Reorganization Area from the City of Los Angeles and the incorporation of the entire detached territory as a city;

“Hollywood Special Reorganization” is the short-form designation given this Proposal;

“Special Reorganization Area” is the area described in Exhibit A (legal description) and shown on Exhibit B (map), which are attached hereto and by this reference incorporated herein. This territory is a modification of the originally proposed boundaries. In the event of any conflict between Exhibit A and Exhibit B, Exhibit A shall control;

“Transition Period” commences upon the Effective Date and terminates on the following June 30th; and

WHEREAS, the Petition was submitted to the Commission pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the “Hertzberg Act”) and all amendments thereto; and

WHEREAS, on November 8, 2000, the Executive Officer submitted the Petition to the County of Los Angeles Registrar-Recorder for verification that sufficient registered voters within the applicable area signed the Petition, and the Registrar-Recorder found that the requisite number of valid signatures were affixed to the Petition; and

WHEREAS, the Executive Officer has examined the Petition and executed his Certificate of Sufficiency in accordance with law; and

WHEREAS, at the times and in the substantial form and manner provided by law, the Executive Officer has given notice of public hearings by this Commission upon the Proposal; and

WHEREAS, the Commission has held 32 public hearings on the Petition and the Proposal; and

WHEREAS, the Commission's Subcommittee on Findings, Terms and Conditions held one public hearings on the Petition and Proposal; and

WHEREAS, the *Hollywood Proposal for Special Reorganization Comprehensive Fiscal Analysis* was issued on March 6, 2002; and

WHEREAS, the *Hollywood Proposal for Special Reorganization Supplemental Report* was issued on May 28, 2002; and

WHEREAS, the *California State Controller's Review of the Proposed Hollywood Special Reorganization Comprehensive Fiscal Analysis* was issued on May 9, 2002; and

WHEREAS, the *Special Reorganization of the Hollywood Executive Officer's Report* was issued on May 28, 2002; and

WHEREAS, the Final *Environmental Impact Report for Special Reorganization of Hollywood* was issued on May 29, 2002; and

WHEREAS, the *Special Reorganization of the Hollywood Executive Officer's Supplemental Report* was issued on May 31, 2002; and

WHEREAS, the Executive Officer has reviewed all available information and prepared his report, including recommendations, and presented the findings, report and related information to the Commission, which were then considered by the Commission; and

WHEREAS, at the public hearings the Commission heard and received all oral and written protests, objections, all oral and written evidence which was made, presented or filed, and persons present were given an opportunity to hear and be heard in respect to any matter relating to these hearings.

NOW, THEREFORE, the Local Agency Formation Commission for Los Angeles County does hereby find, determine, resolve and order as follows:

- A. The Special Reorganization Area is inhabited, with a population of approximately 183,713 based on 2000 Census data.
- B. The Commission has considered all relevant factors set forth in Government Code Section 56668 and all other relevant factors in reaching its conclusions regarding the Proposal, and based thereon finds that the proposed Hollywood Special Reorganization:
 1. Will not have a significant adverse social and economic impact upon any particular communities or groups in the Special Reorganization Area or the remaining City of Los Angeles or any other adjacent areas, and does not have a significant adverse impact on the local governmental structure of the County of Los Angeles;
 2. Will result in the creation of an entity with the capability to provide efficient municipal services to the affected population;

3. Conforms to planned, orderly, and efficient patterns of urban development;
 4. Will not effect the physical and economic integrity of agricultural lands, as defined by Government Code section 56016, or result in the conversion of prime agricultural land in open space use to other uses;
 5. Has definite and certain boundaries that conform to lines of assessment and ownership, and does not create any islands of City of Los Angeles territory within the Special Reorganization Area and does not create any islands of unincorporated territory;
 6. Is consistent with the general and specific plans of the City of Los Angeles and the County of Los Angeles;
 7. Will result in the creation of an entity that will generate sufficient revenues to provide municipal services to the affected population;
 8. Will continue to receive water service through the City of Los Angeles Department of Water and Power in accordance with condition 20, below; and
 9. Will not impair the achievement of the Special Reorganization Area's fair share of regional housing needs as set forth in the Southern California Association of Governments' Regional Housing Needs Assessment for 1999-2000.
- C. Pursuant to Government Code section 56720, and based upon the entire record, the Commission finds that:
1. The Hollywood Special Reorganization is consistent with the intent of the Cortese-Knox Act, and the policies of Government Code sections 56001, 56300, 56301, and 56377, in that the Hollywood Special Reorganization:
 2. Expresses a logical modification of the boundaries of the City of Los Angeles for the creation of a new city within the historical boundary of the Hollywood area, taking into consideration the requests of property owners to be excluded from or included within the Special Reorganization Area and the agreement of the Applicant to modifications of the original boundaries of the Proposal consistent with those requests;
 3. Weighs the total community service needs of the Special Reorganization Area and the remaining City of Los Angeles against the total financial resources available for securing community services and establishes appropriate community service priorities in both areas that reflect local circumstances, conditions, and the limited financial resources of both areas;
 4. Encourages and provides planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space lands within those patterns;
 5. Discourages urban sprawl and encourages the orderly development of the Special Reorganization Area and the remaining City of Los Angeles based upon local conditions and circumstances; and
 6. Is not reasonably expected to induce, facilitate, or lead to the conversion of existing open-space lands to uses other than open-spaces because the Special Reorganization Area is already urbanized and developed, and the Proposal

does not contemplate significant new development or any material alteration to the general plan and zoning ordinances currently in effect.

7. The Commission has reviewed and considered the spheres of influence of the local agencies affected by the Proposal. The Proposal is consistent with the sphere of influence of the City of Los Angeles as the City of Los Angeles will continue to be the primary service provider through the end of the Transition Period. Pursuant to Government Code section 56426.5, the Commission will determine the sphere of influence of the new city within one year of the Effective Date.
 8. The Commission has reviewed and considered the Comprehensive Fiscal Analysis prepared pursuant to Government Code section 56800, and its supplement.
 9. The Commission has reviewed and considered the State Controller's Report prepared pursuant to Government Code section 56801.
 10. The Commission has reviewed and considered the Executive Officer's Report and its supplement and the recommendations of the Executive Officer prepared pursuant to Government Code section 56665, and the testimony presented at the public hearings held on the Proposal.
 11. Based upon the analysis set forth in the Executive Officer's Report and its supplement, the Commission finds that the proposed city is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following incorporation.
- D. The Commission has reviewed the boundaries of the Special Reorganization Area for definiteness and certainty and has determined that the same are definite and certain.
- E. In accordance with Government Code section 56803, the Commission hereby accepts the findings of the Comprehensive Fiscal Analysis and its supplement, with respect to the financial viability of the new city and the fiscal impact on the City of Los Angeles, except to the extent that the fiscal calculations therein have been updated, amended or clarified through more accurate and up-to-date data, as set forth in the Executive Officer's Report, for the reasons stated therein. In accordance with Government Code section 56803, the Commission hereby accepts the findings and recommendations of the Executive Officer's Report, including, but not limited to, those findings and recommendations with respect to the financial viability of the new city and the fiscal impact on the City of Los Angeles.
- F. The Commission, through its Executive Officer, has caused an Environmental Impact Report (EIR) on the Hollywood Special Reorganization and its addendum to be prepared in accordance with the provisions of the California Environmental Quality Act (CEQA). The Commission hereby certifies that the Final EIR on the Hollywood Special Reorganization and its addendum have been completed in compliance with CEQA and the State CEQA Guidelines and reflects the independent judgment and analysis of the Commission. The Commission hereby adopts the mitigation measures identified in the Final EIR and set forth in the Mitigation Monitoring and Reporting Program attached hereto as Exhibit C, which is incorporated herein by this reference, and includes the identified mitigation measures

as conditions of approval of the Hollywood Special Reorganization. The Commission finds, pursuant to Public Resources Code section 21081.6, that the Mitigation and Monitoring Reporting Program is adequately designed to ensure compliance with the mitigation measures. The Commission hereby adopts the CEQA Findings of Fact for the Final EIR for the Hollywood Special Reorganization and its addendum attached hereto as Exhibit D, which are incorporated herein by this reference and determines that the significant environmental effects of the Proposed Project, as identified in the Final EIR have been avoided or substantially lessened through the changes or alterations that have been required or incorporated into the Proposed Project through this Resolution. The Commission further finds, based upon the Final EIR and its addendum, that the Proposed Project is *de minimus* in its effect on fish and wildlife resources. Therefore, the Proposed Project is exempt from State Department of Fish and Game fees pursuant to Section 711.2, *et seq.*, of the California Fish and Game Code.

- G. The Commission finds that revenues currently received by the City of Los Angeles for services which, but for the operation of Government Code section 56815, would accrue to the proposed city are not substantially equal to the expenditures, including direct and indirect expenditures, currently made by the City of Los Angeles for those services which will be assumed by the proposed city. The Commission has proposed condition 17 to mitigate the negative fiscal effect on the City of Los Angeles through the annual payment of monies over a fixed period of time. The Commission finds that this condition adequately mitigates the negative fiscal effect on the City of Los Angeles. The Commission finds pursuant to Government Code Section 56815(a) that the incorporation is not occurring for primarily financial reasons.
- H. Subject to the conditions set forth herein, the Hollywood Special Reorganization, is hereby approved as follows:
1. Subject to confirmation by the voters of the City of Los Angeles and the Special Reorganization Area in accordance with Government Code section 57119, the Special Reorganization Area is detached from the City of Los Angeles and incorporated as a general law city.
 2. Effective Date. Pursuant to Government Code section 56886(p) and subject to the limitations of Government Code section 57202, the Effective Date of the Hollywood Special Reorganization is the July 1st immediately following the Election.
 3. Boundaries. The boundaries of the new city shall be the Special Reorganization Area as set forth in Exhibits A and B attached hereto and incorporated herein. In the event of any conflict between Exhibit A and Exhibit B, Exhibit A shall control.
 4. Elected Officials. The legislative body of the new city shall consist of five (5) members elected at large, in accordance with Government Code section 57377. The first election of City Council members shall be held concurrently with the election on the question of special reorganization.
 5. [Intentionally omitted.]

6. Election. The Election shall consist of the election of the first City Council and the election on the question of special reorganization, which shall be held concurrently, at the next election that complies with the provisions of Government Code section 57132.5, namely, the next regular primary or general election occurring in an even-numbered year at least 88 days after the date on which the resolution calling the election was adopted.
7. City Name. The name of the new city shall be the City of Hollywood.
8. Indemnification. Prior to the Effective Date, the Commission will defend any lawsuit related to this Resolution. The new city, if the Proposal is approved, or the Applicant, if the Proposal is not approved, shall defend, hold harmless and indemnify the Commission and/or its agents, officers, employees and consultants from any claim, action or proceeding against the Commission and/or its agent, officers, employees and consultants to attack, set aside, void or annul the Commission's approval of this Proposal or any action relating to or arising out of such approval when such action is brought within the applicable statute of limitations.
9. Ordinance Adoption. Pursuant to Government Code section 56886(v) and consistent with Government Code section 57376(a), the City Council of the new city shall, immediately following the Effective Date and prior to performing any other official act, adopt an ordinance providing that all City of Los Angeles ordinances not in conflict with the general laws of the State, previously applicable in the Special Reorganization Area, shall remain in full force and effect as city ordinances for a period of 120 days thereafter or until the City Council has enacted its own ordinances superseding any or each of the previously applicable ordinances, whichever occurs first.
10. [Intentionally omitted.]
11. Appointive Positions. Upon and after the Effective Date, the City Manager, City Clerk and City Treasurer of the new city shall be appointed by the City Council in accordance with Government Code Section 36510.
12. Tax Authorization. Pursuant to Government Code section 56886(t):
 - a. The new city shall continue to levy all previously authorized and collected charges, fees, assessments and general or special taxes collected by the City of Los Angeles within the Special Reorganization Area prior to the Effective Date, except as prohibited by law, and except with respect to services being provided by the City of Los Angeles during the Transition Period, as to which the City of Los Angeles shall continue to levy all previously authorized and collected charges and fees, unless and until the provision of such services by the City of Los Angeles is discontinued pursuant to condition 14(a).
 - b. The new city shall not modify, alter or rescind any existing general or special tax, fee, charge, or assessment so as to impair its ability to satisfy its financial obligations to the City of Los Angeles under the conditions of this Resolution.

13. Sphere of Influence. Pursuant to Government Code section 56886(o), and in order to conform with Government Code section 56426.5, within two hundred seventy (270) days after the Effective Date, the new city shall submit an application to the Commission proposing a sphere of influence for the new city.
14. Transition Period Services. Pursuant to Government Code section 56886(t), and consistent with Government Code section 57384, the City of Los Angeles shall continue to provide to the new city all services furnished to the Special Reorganization Area prior to the Effective Date until the June 30th following the Effective Date ("Transition Period"), or for a shorter period, if the new city, acting through its City Council, cancels the provision of a particular service by giving the City of Los Angeles six months' written notice, or a service contract between the parties takes effect. Transition Period services shall not include utility services being provided by the City of Los Angeles to customers in the new city after the Effective Date.
- a. Cancellation. The new city may cancel Transition Period services provided by the City of Los Angeles only by giving the City of Los Angeles six months' written notice or with the written agreement of the City of Los Angeles. If the new city cancels a Transition Period service upon less than six months' written notice, the new city shall continue to be obligated to pay for Transition Period costs for that service throughout the six-month period, unless otherwise agreed to by the City of Los Angeles.
 - b. Service Levels. During the Transition Period, the City of Los Angeles shall be obligated to provide services to the new city in such a manner as to maintain pre-Effective Date service levels. The City of Los Angeles shall be allowed to reduce service levels for the services it provides within the new city during the Transition Period only as may be required in response to emergencies or if revenue shortfalls are experienced by the new city or with the agreement of the new city. For the purposes of this condition, a revenue shortfall is experienced by the new city if the new city has not paid in full the prior month's invoice for Transition Period services within thirty (30) days of receipt of the invoice. Thereafter, the City of Los Angeles may reduce service levels. If the City of Los Angeles reduces service levels hereunder, it shall attempt to reduce service levels in a manner proportional to the reduction in the actual payment received from the new city for Transition Period services.
 - c. Transition Period Service Costs. The new city shall reimburse the City of Los Angeles for the total actual direct and indirect costs of Transition Period services provided by the City of Los Angeles, in conformity with Government Code section 57384(b), except that the definition of "net costs" shall not exclude costs to be paid from special funds that have been transferred to the new city. The City of Los Angeles shall submit a monthly invoice to

the new city for the actual direct and indirect costs of Transition Period services provided in that month. The cost of Transition Period services shall be calculated on the modified accrual accounting basis, and shall be reduced by the sales tax offset and any other revenues generated in the Special Reorganization Area on or after the Effective Date and retained by the City of Los Angeles, including, without limitation, direct charges, fees and fines related to Transition Period services. After such revenue offsets, the new city shall owe the City of Los Angeles the net cost of Transition Period services. The new city or the third party fiscal agent shall make monthly payments to the City of Los Angeles within fifteen (15) days of receipt of each invoice for Transition Period services.

- i. The provisional sales tax offset shall be 6.32 percent of the sales tax allocations paid by the State Board of Equalization to the City of Los Angeles for citywide taxable activity that occurs in the first quarter beginning on the Effective Date. This provisional sales tax offset shall be reconciled to the ratio of the State Board of Equalization sales tax payment to the new city for the quarter beginning on the October 1st immediately following the Effective Date to the sum of the State Board of Equalization sales tax payments to the City of Los Angeles and the new city for taxable activity that occurs in the same quarter.
- d. Budgeted Grant Funds. Pursuant to Government Code section 56886(i), the disposition, transfer and division of budgeted grant funds shall occur in the following manner. In lieu of a specific re-allocation of grant funding by the granting agency or other legal requirements that would prohibit a re-allocation of grant funding to the new city, the City of Los Angeles shall distribute budgeted grant funding in the manner set forth in this condition. The City of Los Angeles shall proportionately allocate any entitlement grant funds previously earmarked for the Special Reorganization Area that are included in the City of Los Angeles budget unless and until the granting agency directly allocates the new city's share of those grant funds to the new city or directs the City of Los Angeles to allocate the funds in another fashion. The allocation may be made directly to the third party fiscal agent appointed in accordance with condition 16, or may take the form of an offset against the Transition Period service payment. The allocations to the new city shall occur in the following manner unless the granting agency instructs otherwise:
 - i. The new city shall be allocated a share of City of Los Angeles funds for the U.S. Department of Housing and Urban Development ("HUD") entitlement grants on the basis of the

new city's share of the City of Los Angeles low and moderate-income population, as defined by HUD.

- ii. The new city shall be allocated a share of City of Los Angeles funds for the administration of the Workforce Investment Act grant on the basis of the new city's share of the working-age population, which shall be defined as persons aged 16 through 64 and which shall be estimated with 2000 Census data.
- iii. The new city shall be allocated a share of City of Los Angeles grant funds distributed by the California Department of Aging on the basis of its population aged 60 or greater, as reflected in the 2000 Census. If the County of Los Angeles administers these grant funds on behalf of the new city, the new city shall remit these funds to the County of Los Angeles.
- iv. The new city shall be allocated a share of City of Los Angeles grant funds distributed by the Governor's Office of Criminal Justice Planning or the U.S. Department of Justice on the basis of Part I criminal activity, as defined by the U.S. Department of Justice. Until Part I criminal activity levels in the new city are available, these grant funds shall be allocated on the basis of population.
- v. The new city shall be allocated a share of any other entitlement grant funds previously intended for use throughout the City of Los Angeles on the basis of population.
- vi. The new city shall be allocated all other entitlement grant funds previously designated for use for specific projects or programs within the Special Reorganization Area.
- e. Off-Budget Grant Funds. Throughout the Transition Period, pursuant to Government Code section 56886(r), the City of Los Angeles shall continue to use off-budget grants to fund service providers within the Special Reorganization Area unless and until instructed to do otherwise by the granting agency.

15. Transition Costs.

- a. Election Costs. Pursuant to Government Code section 57150(e), the City of Los Angeles, and any new cities formed pursuant to a special reorganization election held on the same date as the Election, shall be obligated to share the costs of the Election, and all other special reorganization elections held at that time, in proportion to the assessed value of property within their respective territories. If all of the special reorganization proposals considered on the date of the Election are defeated, the County of Los Angeles shall pay the costs of the Election, and all

other special reorganization elections held at that time, in accordance with Government Code section 57150(e). Election costs shall be paid within thirty (30) days of a written request for payment being made by the County of Los Angeles Registrar-Recorder, unless an alternative payment arrangement is agreed to by the County of Los Angeles Registrar-Recorder.

- b. City of Los Angeles Redistricting Costs. Pursuant to Government Code sections 56815(c) and 56886(i), the City of Los Angeles, and any new cities formed pursuant to a special reorganization election held on the same date as the Election shall pay the costs of redistricting the City of Los Angeles for the next City of Los Angeles municipal election immediately following the Election, in proportion to the assessed value of property within their respective territories. Redistricting costs shall be paid within thirty (30) days of a written request for payment for actual costs incurred being made by the City of Los Angeles, unless an alternative payment arrangement is agreed to by the City of Los Angeles and the new cities.
- c. Accounting Costs. Pursuant to Government Code sections 56815(c) and 56886(i), the new city and any other cities formed pursuant to a special reorganization election held on the same date as the Election shall pay the costs of establishment of revenue collection procedures, analysis and separation of funds and outstanding debt and liabilities for transfer, preparation of the Debt Service Schedule required by condition 21, and validation of pre-existing bonds of the City of Los Angeles, if necessary, in proportion to the assessed value of property within their respective territories. These accounting costs shall be paid within thirty (30) days of a written request for payment for actual costs incurred being made by the City of Los Angeles, unless an alternative payment arrangement is agreed to by the City of Los Angeles and the new cities.
- d. Other Transition Costs. Pursuant to Government Code sections 56815(c) and 56886(i), the new city and any other cities formed pursuant to a special reorganization election held on the same date as the Election shall pay other one-time transition costs required to be incurred by the City of Los Angeles, directly resulting from the special reorganizations, which are not Transition Period service costs provided for in condition 14. The transition costs permitted by this condition shall include the duplication of City of Los Angeles records and data, expenses for processing deeds for real property transfers, quitclaims on street easements, costs associated with employee transfers, information technology and computer systems reprogramming, and other similar costs not typically incurred by the City of Los Angeles as a result of the City's usual and customary municipal operations.

Ongoing costs of municipal operations related to the continuing employment of personnel, and the maintenance and operation of facilities and equipment shall not be reimbursable pursuant to this condition. The new cities shall be responsible for the transition costs provided for in this condition in proportion to the assessed value of property within their respective territories. These transition costs shall be paid within thirty (30) days of a written request for payment for actual costs incurred being made by the City of Los Angeles, unless an alternative payment arrangement is agreed to by the City of Los Angeles and the new cities.

- e. Transition Cost Controls. The City of Los Angeles shall not be entitled to reimbursement for any asserted transition costs permitted by this condition in excess of \$100,000 without the prior consent of the new cities, which consent shall not be unreasonably withheld.
16. Third Party Fiscal Agent. The new city shall retain a third party fiscal agent to carry out the responsibilities set forth in this condition. The third party fiscal agent shall be acceptable to both the new city and the City of Los Angeles. The new city shall reimburse the third party fiscal agent for all of the costs associated with the performance of these responsibilities.
- a. Transition Period Responsibilities. The County of Los Angeles Auditor-Controller shall remit all property taxes collected on behalf of the new city to the third party fiscal agent during the Transition Period. Unless otherwise agreed to by the City of Los Angeles and the new city, both the new city and the City of Los Angeles shall remit all other revenues collected by or on behalf of the new city to the third party fiscal agent throughout the Transition Period. For the purposes of this condition, "revenues" shall be defined to exclude direct charges and fees for services, including Department of Water and Power ("DWP") charges for water and power (which are retained by the DWP for the provision of those utility services), Public Works, Bureau of Sanitation charges for sanitation equipment, wastewater charges, fees related to the issuance of permits and licenses, other similar administrative fees and charges, and fines. Direct charges, fees and fines generated in the Special Reorganization Area through the provision of Transition Period services shall be directly credited by the City of Los Angeles to the Transition Period service payment or the new city's portion of debt repayment, as appropriate, and not remitted to the fiscal agent. If the Auditor-Controller cannot remit the new city's property tax directly to the third party fiscal agent, the new city shall remit all of its property tax to the third party fiscal agent during the Transition Period.

- b. Post Transition Period Responsibilities. The third party fiscal agent shall estimate, as of July 1 of each fiscal year after the Transition Period, the amount of property tax revenue that must be remitted to pay for the following: (1) the mitigation payment required by condition 17; (2) the new city's share of the debt liability identified in condition 21 for that year; and (3) an amount sufficient to pay the new city's share of the non-debt liability identified in condition 22 for that year. The third party fiscal agent shall submit its estimate to the County of Los Angeles Auditor-Controller who shall remit that portion of the property tax to the third party fiscal agent for disbursement to the City of Los Angeles in accordance with this condition and conditions 17, 21 and 22, unless the new city and the City of Los Angeles agree otherwise. If the Auditor-Controller cannot remit the new city's property tax directly to the third party fiscal agent, the new city shall remit that portion of its property tax to the third party fiscal agent which the third party fiscal agent determines is required for the payments identified in conditions 17, 21 and 22. The new city shall remit to the third party fiscal agent any additional amounts necessary to meet its obligations under conditions 17, 21 and 22 if the property taxes initially remitted to the third party fiscal agent are not sufficient to pay the actual obligations as they accrue.
- c. Payment Priorities. The new city and the third party fiscal agent shall prioritize the new city's payment obligations as follows: (1) the debt liability and non-debt liability payments to the City of Los Angeles required by conditions 21 and 22; (2) debt payments for the new city's bonded indebtedness or loan repayment; (3) the fiscal mitigation payment required by condition 17; (4) the transition costs required by condition 15; (5) the Transition Period service costs required by condition 14(c); and (6) the new city's direct operating costs.
- d. Payment Frequency. The third party fiscal agent shall reimburse the City of Los Angeles on a monthly basis for the Transition Period service costs set forth in condition 14(c) and non-debt liabilities set forth in condition 22 under a modified accrual accounting basis as defined by Generally Accepted Accounting Principles. For debt liability payments to the City of Los Angeles required by condition 21, the fiscal agent shall make payments in accordance with the Debt Service Schedule. The fiscal agent shall make monthly payments to the City of Los Angeles for the fiscal mitigation payment required by condition 17.
- e. Payments Made in Advance. The new city shall not be required to pay over moneys to the City of Los Angeles for payments required by this Resolution, in advance of the date upon which

the City of Los Angeles shall make corresponding payments, except for purposes of the debt liability payments required by condition 21. The new city and its fiscal agent shall be authorized to deduct interest at a rate equal to the City of Los Angeles general pool investment yield from any funds advanced to the City of Los Angeles by more than one week.

- f. Late Payments. For any late payment(s) made by the new city, the fiscal agent shall add interest to the disbursement made to the City of Los Angeles at a rate equal to the City of Los Angeles general pool investment yield.
- g. Auditor-Controller Indemnification. The new city shall indemnify, defend and hold harmless, the County of Los Angeles, its Auditor-Controller and other officers, elected officials, employees and agents from any and all liability, damages, and costs, including but not limited to attorneys' fees and defense costs, arising from or related to any of the duties and obligations imposed upon the Auditor-Controller pursuant to this Resolution.

17. Mitigation Payment. Pursuant to Government Code section 56815, the Commission finds that the Valley Special Reorganization has an annual negative fiscal effect on the City of Los Angeles of \$21.458 million that should be mitigated. Starting thirty (30) days after the Effective Date, and for a period of twenty (20) years thereafter, the new city shall make an annual fiscal mitigation payment to the City of Los Angeles in the following manner:

- a. The initial annual mitigation payment shall be \$21.458 million, adjusted over the term on an annual basis for actual inflation, as measured by the percentage change in the Los Angeles metropolitan area Consumer Price Index (CPI-U) that occurred between January 1, 2001 and January of the fiscal year in which payment is being made; and
- b. The annual mitigation payment shall be discounted by a factor of five percent annually after the first fiscal year of incorporation in a cumulative fashion, so as to completely phase out the mitigation payment after twenty (20) years; and
- c. The annual mitigation payment shall be paid to the City of Los Angeles in twelve equal monthly installments commencing thirty (30) days after the Effective Date, due on the 1st of the month, unless otherwise agreed to by the new city and the City of Los Angeles, adjusted for inflation using the California Department of Finance forecasts of the Consumer Price Index for the Los Angeles area with any adjustments due to differences between the forecast and actual inflation made in the next payment following the availability of the actual inflation data.

18. Employees.

- a. With respect to employee transfers, both the City of Los Angeles and the new city are required to comply with the provisions of Government Code section 56888, which requires that: (1) public employees, as defined therein, shall continue to be deemed public employees of the original local agency or the newly incorporated local agency for purposes including, but not limited to, the continuation and application of any collective bargaining agreement that applies to these employees, and all representational and collective bargaining rights, pursuant to Government Code section 3500, *et seq.*; (2) that any existing collective bargaining agreement shall remain in effect and be fully binding on either local agency, and on the employee organizations that are parties to the agreement for the balance of the term of the agreement, or until a subsequent agreement has been established; and (3) that any existing retiree benefits, including but not limited to, health dental, and vision care benefits, shall not be diminished.
- b. Pursuant to Government Code section 56886(l), the new city shall accept responsibility and liability for accrued vacation, sick leave and other compensated time-off for City of Los Angeles employees who transfer to the new city as part of a transfer in service responsibility from the City of Los Angeles to the new city.

19. Assets. The Commission has reviewed and considered the legal opinions of its Legal Counsel and of the California Legislative Counsel, along with the legal opinions of the Applicant and the City of Los Angeles on issues related to the transfer of assets from the City of Los Angeles to the new city. Pursuant to Government Code section 56886(h), the disposition, transfer, and division of assets relevant to the Hollywood Special Reorganization shall occur in the following manner:

- a. Fund Balances. Upon the Effective Date, the City of Los Angeles shall transfer trust account fund balances for capital improvement projects specific to the Special Reorganization Area to the third party fiscal agent. Upon the Effective Date, the City of Los Angeles shall transfer to the new city the General Fund Proportionate Share of the contingency and emergency reserve funds and any other general fund balance net of outstanding loans, encumbrances and re-appropriations required for capital improvements. Upon the Effective Date, the City of Los Angeles shall transfer to the new city an allocation of all special fund balances net of outstanding loans, encumbrances and re-appropriations required for capital improvements, based upon the proportion of the Special Reorganization Area's revenue

contribution to the respective special fund, as set forth in Exhibit E, attached hereto and incorporated herein, except for the following special funds which shall be wholly retained by the City of Los Angeles:

1. Water Revenue Fund
 2. Power Revenue Fund
 3. Sewer Construction & Maintenance Fund
 4. Convention Center Revenue Fund
 5. Zoo Enterprise Trust Fund
 6. Special Police Communications/911 System Tax Fund
 7. City Employees Retirement Fund
 8. Fire and Police Pension Fund
 9. El Pueblo de Los Angeles Historical Monument Revenue Fund
 10. Staples Arena Special Fund
 11. Airport Revenue Fund
 12. Harbor Revenue Fund
 13. Tax Revenue Anticipation Notes Fund, and
 14. Bond Redemption & Interest Funds.
- b. Impact Fees. The City of Los Angeles shall transfer to the new city impact fees collected prior to the special reorganization within and intended for use in the Special Reorganization Area, for facilities or services not yet rendered for underground utilities, roads, parks, housing and any other allowed use(s). The new city shall be required to expend and collect these impact fees for the original purposes for which the impact fees were collected by the City of Los Angeles.
- c. Public Safety Augmentation Fund. The new city shall be entitled to the General Fund Proportionate Share of the City of Los Angeles allocation of the County of Los Angeles Public Safety Augmentation Fund. (Government Code section 30051, *et seq.*) The County of Los Angeles Auditor-Controller shall directly remit the General Fund Proportionate Share of the City of Los Angeles allocation of the Public Safety Augmentation Fund to the new city. The new city shall be required to expend these funds in compliance with Government Code section 30051, *et seq.*
- d. Tobacco Settlement. On an annual basis, the City of Los Angeles shall transfer to the new city an amount equal to the General Fund Proportionate Share of the funds received by the

City of Los Angeles pursuant to the Memorandum of Understanding between the State of California, the City of Los Angeles and various other parties, dated August 5, 1998, relating to several coordinated actions including *People v. Philip Morris, Inc.*, San Francisco Superior Court Case No. 980864, to which the City of Los Angeles was a party, regarding the disposition of any recovery relating to said litigation.

- e. Streets and Highways. Upon the Effective Date, all right, title, interest and responsibility for any and all public roads, adjacent slopes, medians, sidewalks, trails, bikeways, landscaped areas, open space, street lights, signals, and bridges located within the boundaries of the Special Reorganization Area shall vest in the new city, except that the City of Los Angeles shall retain title to all assets, property, rights of way, easements, and other property interests (including, but not limited to, those that may be on, under, or adjacent to those roads and highways) related to operation of the water system, power system, wastewater system, and communications or other centralized systems.
- f. Storm Water Facilities. Upon the Effective Date, all right, title, interest and responsibility for any and all storm drain facilities and related easements owned by the City of Los Angeles and located within the boundaries of the Special Reorganization Area shall vest in the new city.
- g. Local Service-Related Assets Transferred. All right, title, interest and responsibility for local service-related facilities and the furnishings, fixtures, rolling stock and equipment contained therein or otherwise associated with the services provided by that facility, as identified in Exhibit F attached hereto and incorporated herein, shall vest in the new city, upon the Effective Date and without the payment of compensation, subject to existing licensing and contractual arrangements, unless other conditions to the transfer are set forth in Exhibit F. Unless otherwise provided for in Exhibit F, the City of Los Angeles shall be entitled to use these service-related assets, at no cost, for the provision of services to the new city during the Transition Period.
- h. Intangible Assets. Upon the Effective Date, and without the payment of compensation to the City of Los Angeles, the new city shall be entitled to the transfer, reproduction or duplication of all intangible assets relating to the Special Reorganization Area or services provided therein, regardless of location of same, including informational and intellectual assets, databases, maps, records, Geographic Information Systems (GIS) files, intellectual property, administrative methodologies, licenses, rights, and access to relevant records and files, subject to any licensing or use agreement restrictions. The new city shall bear

all costs associated with the transfer, reproduction or duplication of said assets.

- i. Miscellaneous Assets. Upon the Effective Date, and without the payment of compensation to the City of Los Angeles, all right, title, interest and responsibility for all other assets owned by the City of Los Angeles and located within the Special Reorganization Area, but not transferred or excluded from transfer elsewhere in this Resolution or Exhibit F, shall vest in the new city. If any miscellaneous assets are debt-financed with debt outstanding, the asset shall not transfer until the associated debt has been paid off.
- j. Assignment of Leases. On or after the Effective Date and without the payment of compensation to the City of Los Angeles, at the option of the new city and with the consent of the lessor, if any consent is required, the City of Los Angeles shall assign to the new city any and all leases, whether of real or personal property, for property leased by the City of Los Angeles and located within and exclusively serving the Special Reorganization Area.
- k. "AS IS" Transfer. Real or personal property of the City of Los Angeles transferred to the new city pursuant this condition 19 shall be accepted by the new city "AS IS."
- l. Exclusions. Ownership and control of the City's airports, the Port of Los Angeles, the Convention Center, and the water, power, and wastewater systems shall remain with the City of Los Angeles.
- m. Equal Access. Pursuant to Government Code section 56886(j), the new city shall make all libraries, parks, and cultural facilities transferred pursuant to this condition 19 equally available to the residents of the City of Los Angeles.

20. Public Utilities.

- a. Water and Power Utility Services. Pursuant to Government Code section 56886(j) and (r), the City of Los Angeles shall be obligated to continue to provide water and power public utility service to customers located in the new city, and customers in the new city shall be entitled to the same priority in the use of, and service from, these public utilities as they received as customers residing within the City of Los Angeles prior to the date of the Election, in perpetuity, unless the new city elects otherwise, except that the new city shall enter into initial franchise or service agreements for water and power with the City of Los Angeles for terms that end no sooner than the latest maturity date of bonded indebtedness for Department of Water and Power debt issued prior to the date of the Election.

- b. Wastewater Services. Pursuant to Government Code section 56886(j) and (r), the City of Los Angeles shall continue to be obligated to provide wastewater collection and treatment service to customers located in the new city, and customers in the new city shall be entitled to the same priority in the use of, and service from, this public utility as they received as customers residing within the City of Los Angeles prior to the date of the Election, in perpetuity, unless the new city elects otherwise, except that the new city shall enter into an initial franchise or service agreement for wastewater services with the City of Los Angeles for a term that ends no sooner than the latest maturity date of bonded indebtedness for wastewater system debt issued prior to the date of the Election.
- c. Wastewater Regulation. Pursuant to Government Code section 56886(r), the City of Los Angeles may continue to regulate industrial dischargers within the Special Reorganization Area to ensure compliance with the City of Los Angeles' environmental discharge permits so long as the City of Los Angeles provides wastewater service to the new city. The City of Los Angeles may exercise its authority directly or by contracting with the new city.
- d. Utility Service and Rates. Pursuant to Government Code section 56886(j), (r), (t) and (v), the City of Los Angeles shall provide the same level of water, power and wastewater service as is provided to each particular class of customer within the City of Los Angeles to customers of the corresponding class within the new city, and shall charge the same utility rates as are charged to each particular class of customer within the City of Los Angeles to customers of the corresponding class in the new city, with no rate differential based upon the location of the customer within one city or the other, such that while the City of Los Angeles may adjust rates and differentiate between different classes of customers based on usage or cost of service, the rates charged to a particular class of customer in the remaining City of Los Angeles will always be the same as the rate charged to the corresponding class of customer in the new city, and to the extent that there are additional costs associated with the provision of utility services to a particular class of customer in either area, those additional costs shall be borne uniformly across the two cities by that class of customer, without any differentials based upon the location of the customer within one city or the other.
- e. Alternative Condition.

Should condition 20(d) be found to be unlawful, unenforceable, invalid, or void by a final judgment of a court of competent jurisdiction, the other terms and conditions of this Resolution

shall remain in full force and effect and the Hollywood Special Reorganization shall remain in effect and shall not be void or invalidated by reason of said term or condition being unlawful, unenforceable, invalid or void.

- i. Should condition 20(d) be found unlawful, unenforceable, invalid or void, the new city shall no longer be obligated pursuant to condition 20(a) and/or (b), above, to enter into franchise or service agreements with the City of Los Angeles for the provision of water, power and/or wastewater service and may cancel any agreements for the provision of these services already entered into.

21. Debt Liability. Pursuant to Government Code section 56886(c), the outstanding debt liability of the City of Los Angeles shall be allocated to the new city in the following manner. Unless and until the new city defeases its portion of the City of Los Angeles outstanding debt issued as of the date of the Election, the new city shall assume the obligation for its portion of the City of Los Angeles debt and bear a corresponding share of the City's debt service obligation as enumerated in this condition, and as set forth in that certain Debt Service Schedule to be provided by the City of Los Angeles to the new city by or before the Effective Date, which schedule shall specify the principal amount then outstanding of bonds, notes and lease obligations of the City of Los Angeles, the applicable debt service, lease payment set-aside or other schedule for each series or issue of such obligations and their maturity date or dates, as well as the category of capital improvement listed below, to which such debt relates. Unless otherwise indicated below, the portion of the debt service payments shown on the Debt Service Schedule for which the new city will be responsible will be the General Fund Proportionate Share. The third party fiscal agent shall be required to remit the debt payments to the City of Los Angeles in a timely fashion for repayment of the bondholders, with appropriate deductions for interest earned by the City of Los Angeles on any pledged funds paid by the new city prior to the City of Los Angeles' actual payment of debt service at a rate equal to the City of Los Angeles general pool investment yield. The new city shall not be liable for any portion of City of Los Angeles debt liability that is not set forth in this Resolution.

- a. General Obligation Bond Debt. The new city shall annually adopt an ordinance by August 1 of each year adopting the ad valorem property tax rate established by the City of Los Angeles for repayment of its outstanding general obligation bond debt issued as of the date of the Election, except as provided for below. The new city and its residents shall be exempt from the repayment of any general obligation bond debt issued after the date of the Election, except that the City

of Los Angeles shall be entitled to issue the remainder of bond debt for fire facilities within the new city previously approved by the voters, and the new city and its residents shall be obligated to pay for its portion of said debt. The new city shall authorize the County of Los Angeles Tax Collector to remit to the City of Los Angeles all Special Reorganization Area property owners' payments for general obligation debt issued prior to the date of the Election and outstanding on the Effective Date, as shown on the Debt Service Schedule. The City of Los Angeles shall continue to be responsible for managing accounts and acting as paying agent for the bondholders. Should the new city fail in any year to enact the ordinance required by this condition, the new city's share of the City of Los Angeles general obligation bond debt shall be paid to the City of Los Angeles by the third party fiscal agent from the new city's property taxes. The unissued authorization for general obligation bonds, as of the date of the Election, shall be allocated between the remaining City of Los Angeles and the new city in the following manner: (1) on the basis of the location of the projects for each area, as indicated in the ballot measures approved by the voters, and in the amounts allocated for those projects adopted by the City of Los Angeles City Council as of the date of the adoption of this Resolution, excepting therefrom any remaining unissued debt authorization for fire facilities located within the new city which shall remain with the City of Los Angeles; (2) 4.5 percent of the city-wide Police and Fire station renovation costs adopted by the City of Los Angeles City Council as of the date of the adoption of this Resolution shall be allocated to the new city; and (3) program management and contingency amounts adopted by the City of Los Angeles City Council as of the date of the adoption of this Resolution shall be allocated based on the percentage of total project costs allocated in items 1 and 2, herein, to each city. This allocation method is intended to enable each city to deliver the projects in their areas that have been approved by the voters. The project amounts for Propositions Q and F approved by the City of Los Angeles City Council as of the date of the adoption of this Resolution are attached hereto as Exhibit G and incorporated herein by this reference.

- b. Assessment and Special Tax Bond Debt. Parcels within the Special Reorganization Area that are encumbered with special tax assessments for bonded indebtedness as of the date of the Election, shall remain encumbered until the respective series of bonds are paid in full, except that property owners in the new city shall be exempt from the repayment of outstanding Pershing Square Park Project and Cascades Business Park debt. Special Assessment installments received by the City of Los

Angeles for such parcels following the Effective Date shall be remitted to, or upon the order of the new city applied to, the payment of such bonded indebtedness. Property owners in the new city shall continue to bear liability for assessments for bonded indebtedness for the police emergency communications system, and Proposition K (consistent with conditions 29 or 30).

- c. Judgment Obligation Bond Debt. The new city shall be obligated to pay for the General Fund Proportionate Share of outstanding judgment obligation bond debt issued as of the date of the Election, consistent with the Debt Service Schedule.
- d. Lease Obligation Bond and Certificates of Participation Debt. The new city shall make Lease Obligation Bond and Certificate of Participation ("COP") debt service payments to the City of Los Angeles, consistent with the Debt Service Schedule, for the Lease Obligation Bond and COP debt issued as of the date of the Election that is secured and defeased by the general fund of the City of Los Angeles unless and until the new city pays the City of Los Angeles the General Fund Proportionate Share of the outstanding Lease Obligation Bond and COP debt. Notwithstanding any other conditions of this Resolution, if any debt-financed equipment or facilities cannot be transferred to the new city because of Lease Obligation Bond or COP covenants or terms, the City of Los Angeles shall provide the new city with access to, and use of, an equitable share of such equipment or facilities during its useful life. The new city will make use of tax-exempt debt-financed equipment and facilities in such a manner and take such other actions as necessary to maintain the tax-exempt status of such obligations. The new city shall not bear responsibility for that portion of obligations of the City of Los Angeles paid by special funds not accruing to the new city, in particular, the portion of lease obligation bond debt paid by Convention Center operating revenues net of non-debt operating expenditures, the Staples Arena developer or the Pershing Square special taxes.
- e. Parking Revenue Bond Debt. During the Transition Period, the City of Los Angeles shall be required to pay the new city's share of outstanding parking revenue bond debt issued as of the date of the Election, from the parking fees collected in the Special Reorganization Area during the Transition Period. After the Transition Period, the new city shall be obligated to pay for the new city's share of parking revenue bond debt issued as of the date of the Election that remains outstanding as of the last day of the Transition Period, consistent with the Debt Service Schedule. The new city's share of debt service shall be

proportional to its contribution to the City's Special Parking Revenue Fund for fiscal year 1998-99 (8.7%).

- f. Sanitation Equipment Charge Revenue Bond Debt. During the Transition Period, the City of Los Angeles shall pay the new city's share of outstanding sanitation equipment charge revenue bonds debt issued as of the date of the Election, from the sanitation charges collected in the Special Reorganization Area during the Transition Period. After the Transition Period, the new city shall be obligated to pay for the new city's share of sanitation equipment charge revenue bond debt issued as of the date of the Election that remains outstanding as of the last day of the Transition Period, consistent with the Debt Service Schedule. The new city's share of debt service shall be proportional to its contribution to the City's Sanitation Equipment Charge Special Revenue Fund for fiscal year 1998-99 (5.09%).
 - g. Hollywood and Highland Debt. Notwithstanding condition 21(d), the new city shall transfer to the City of Los Angeles the site specific tax revenue from the Hollywood and Highland Development, as defined in the Disposition and Development Agreement for said development, dated February 10, 1999, until the debt has been completely paid. The City of Los Angeles shall disburse the funds in accordance with the Disposition and Development Agreement, the Developer Guarantee, and the Reciprocal Easement Agreement.
22. Non-Debt Liability. Pursuant to Government Code section 56886(c), the non-debt liability of the City of Los Angeles shall be allocated to the new city in the following manner.
- a. Workers Compensation Claims. The new city shall pay on a monthly basis a share of the cost of defense and indemnification of the City of Los Angeles for workers' compensation claims attributable to workplace injuries that occurred prior to the Effective Date, where the new city's share of these costs is equivalent to the General Fund Proportionate Share.
 - b. Liability Claims. The new city shall pay on a monthly basis a share of the cost of defense and indemnification of the City of Los Angeles for liability claims attributable to injuries or damages that occurred prior to the Effective Date, where the new city's share of these costs is equivalent to the General Fund Proportionate Share.
 - c. Consultation Regarding Payment of Non-Debt Liability. The City of Los Angeles shall report to the new city on a monthly basis on the status and progress of those claims and lawsuits referred to in conditions 21(a) and (b). The City of Los

Angeles shall consult with the new city before agreeing to settlements involving the payment of \$500,000 or more to any claimant or plaintiff or \$500,000 or more for any one matter, and shall grant reasonable requests for consultation made by the new city regarding other claims or lawsuits. The new city shall cooperate with the City of Los Angeles in the investigation and defense of these matters.

23. Provisional Appropriations Limit. The provisional appropriations limit, as required by Article XIII B of the California Constitution, shall be \$214.3 million.
24. [Intentionally omitted.]
25. Debt and Liability Audit Rights. The new city shall have audit rights with respect to the City of Los Angeles' fiscal management of all outstanding debt service and other liabilities for which the new city shall be proportionately liable as provided for in this Resolution, including but not limited to workers' compensation claims and liability claims as provided for in condition 22. The City of Los Angeles shall maintain all records related to the outstanding debt service and other liabilities for a period of at least three years from the date of retirement of a debt or payment of a workers' compensation or liability claim. The new city's right to audit shall terminate two years after the date of retirement of a debt or payment of a liability claim. The new city shall bear all expenses related to any audits conducted pursuant to this condition.
26. Revenue and Transition Period Cost Audit Rights. The new city shall have audit rights with respect to Transition Period service costs and any revenues collected by the City of Los Angeles in the Special Reorganization Area in the fiscal year prior to the Effective Date and during the Transition Period. The City of Los Angeles shall maintain all records of such costs and revenues for a period of at least three years from the date when the Transition Period ends. The new city's right to audit shall terminate two years after the last day of the Transition Period. The new city shall bear all expenses related to any audits conducted pursuant to this condition.
27. Fiscal Agent Audit Rights. The new city and the City of Los Angeles shall have audit rights with respect to revenue allocations and payments made by the third party fiscal agent. The city requesting the audit shall bear all expenses related to that audit. The cities' right to audit the fiscal agent shall terminate two years after the fiscal agent makes the last payment to the City of Los Angeles for outstanding liability.
28. City of Los Angeles Audit Rights. The City of Los Angeles shall have audit rights with respect to the new city's obligations to the City of Los Angeles pursuant to this Resolution, including but not limited to, the new city's obligations to pay for any services

received from the City of Los Angeles, to make mitigation payments, and to make any debt or non-debt liability payments. The new city shall maintain all records of such obligations for a period of at least three years from the date when the obligation is satisfied. The audit rights of the City of Los Angeles shall terminate two years after the all of the new city's obligations pursuant to this Resolution are satisfied. The City of Los Angeles shall bear all expenses related to any audits conducted pursuant to this condition.

29. Proposition K District. Pursuant to Government Code sections 56125 and 56886(e) and (u), that portion of Landscaping and Lighting District No. 96-1 (the "District")(Proposition K) located within the new city shall be detached from the District and formed into a new landscape and lighting district (the "new district").

a. The total annual assessment for the new district shall be a proportionate share of the \$25 million Proposition K assessment limitation based upon the share of the total assessment paid by property owners in the Special Reorganization Area in fiscal year 2000-01. Property owners in the remaining City of Los Angeles shall be obligated to pay the remainder of the total annual assessment, unless other new cities are formed pursuant to any other pending special reorganizations, in which case each shall bear responsibility for their proportionate share of the total assessment based upon their fiscal year 2000-01 contribution. The assessments in the new district shall include: a) a debt component, which shall recoup the cost of debt service for Proposition K debt issued as of the date of the Election and outstanding on the Effective Date, and b) a non-debt component, which shall fund the costs of authorized improvements in the Special Reorganization Area consistent with Proposition K.

i. The debt component shall be determined in the following manner. Property in any new city shall continue to be liable for assessment and payment of its pro rata share of any bonds issued prior to the date of Election that are secured by Proposition K funds, including related bond trustee costs and costs charged by the County of Los Angeles for collection services, based upon the share of the total assessment paid by property owners in the Special Reorganization Area in fiscal year 2000-01. The amount that the properties in the new city shall be assessed shall be determined by the City of Los Angeles and levied by the new city based upon the

benefit points methodology currently used. The new city shall cooperate in providing to the City of Los Angeles any information needed to determine the appropriate assessment amount. The County of Los Angeles Auditor-Controller shall rely on the assessment figure determined by the City of Los Angeles, shall continue to collect these fees as part of the property tax bill, and shall remit the fees directly to the City of Los Angeles. The new district shall bear no liability for the District's Proposition K debt issued after the date of the Election.

- ii. The non-debt component shall consist of the remainder of the new city's proportionate share of the \$25 million annual Proposition K assessment. The amount that the properties in the new city shall be assessed shall be determined by the new city and levied by the new city based upon the benefit points methodology currently used for the District. The City of Los Angeles shall cooperate in providing to the new city any information needed to determine the appropriate assessment amount.
 - b. The new city shall be obligated to carry out those projects listed in Proposition K located within the Special Reorganization Area and to otherwise administer the new district in compliance with all responsibilities, powers and limitations of the District as set forth in Proposition K. In addition to the specified projects, the District shall be authorized to allocate funds for competitive projects in accordance with Section 6 of Proposition K.
 - c. Should division of the District into separate districts pursuant to this condition be found unlawful by a final judgment of a court of competent jurisdiction, the other terms and conditions of this Resolution shall remain in full force and effect and the Hollywood Special Reorganization shall remain in effect and shall not be void or invalidated by reason of said term or condition being unlawful, and the District shall thereafter conform to condition 30, below.
30. Proposition K Alternative Condition. This condition shall only be enforceable if condition 29, above, is found unlawful by a final judgment of a court of competent jurisdiction. That portion of Landscaping and Lighting District No. 96-1 (the "District") (Proposition K) located within the new city shall remain part of the District for the purposes of carrying out the specified projects designated in

Section 5 of Proposition K, except that the competitive funds designated in Section 5 shall be made available for projects within the boundaries of any city containing territory within the District on a pro rata basis as provided for below.

- a. Specified Projects. The District shall be obligated to carry out all specified projects, unless found infeasible under Section 5, except that the legislative body of any new city which includes territory within the District shall provide input to the Proposition K Steering Committee and Los Angeles City Council regarding priorities for the timing of specified projects in the new city's territory. The timing of those specified projects shall be equitable, taking into consideration the need to complete all specified projects during the life of the District specified in Section 11 of Proposition K.
- b. Competitive Funds. The funds designated in Section 5 of Proposition K for competitive grants shall be allocated on a pro rata basis for projects to be located within the boundaries of any city which includes territory within the District based upon the share of the total assessment paid by property owners in each new city in fiscal year 2000-01. The legislative body of each city shall select those competitive projects to be located within its boundaries, in accordance with the responsibilities, powers, and limitations of the District, including the competitive procedures outlined in Section 6 of Proposition K. The legislative body of each city shall provide information regarding the chosen projects to the Proposition K Steering Committee and Los Angeles City Council sufficiently in advance of each annual assessment so that the Los Angeles City Council can timely adopt the Engineer's Report and levy the assessment for the entire District, in accordance with Section 13 of Proposition K.
- c. Administrative and Maintenance Funds. The funds designated in Section 12 of Proposition K for administrative and incidental costs, and for maintenance of completed acquisitions and improvements, shall be made available on a pro rata basis for allocation by each legislative body which includes territory within the District based upon the share of the total assessment paid by property owners in each new city in fiscal year 2000-01. The City Council of Los Angeles shall determine the total amount of these funds to be

allocated to each legislative body as part of each annual assessment.

- d. **Outstanding Bonded Indebtedness.** Property in any new city shall continue to be liable for assessment and payment of its pro rata share of any bonds issued that are secured by Proposition K funds, including related bond trustee costs and costs charged by the County of Los Angeles for collection services, based upon the share of the total assessment paid by property owners in each new city in fiscal year 2000-01. The amount that the properties in the new city shall be assessed shall be determined by the City of Los Angeles based upon the benefit points methodology currently used. The new city shall cooperate in providing to the City any information needed to determine the appropriate assessment amount. The County of Los Angeles Auditor-Controller shall rely on the assessment figure determined by the City of Los Angeles, shall continue to collect these fees as part of the property tax bill, and shall remit the fees directly to the City of Los Angeles.
 - e. **Administration of Specified and Competitive Projects.** Within thirty (30) days of the adoption of the ordinance levying the annual assessment, funds designated in the Engineer's Report to be used for specified or competitive projects in the next fiscal year shall be transferred to an appropriate account under the control of the legislative body of the city in which the project shall be located. That city shall be responsible for ensuring that funds are used in accordance with the requirements of Proposition K.
31. **Assessment Districts.** The administration of any assessment districts located entirely within the detached territory shall be transferred to the new city after the Effective Date. To the extent that any assessment district is located partially within the new city and partially within the remaining city, that portion located within the new city shall be detached and become the responsibility of the new city.
32. **Business Improvement Districts.** The administration and any trust fund balances of any Business Improvement District located entirely within the Special Reorganization Area shall be transferred to the new city after the Effective Date. To the extent that any Business Improvement District is located partially within the new city and partially within the remaining City of Los Angeles, that portion located within the new city shall be detached and become the responsibility of the new city.

33. Redevelopment Areas. The City of Los Angeles shall not expand the boundaries of any redevelopment project area within the Special Reorganization Area nor shall it establish any new redevelopment project area during the Transition Period without the consent of the City Council of the new city.
34. Development Agreements. The new city shall succeed to the benefits and be bound by the obligations and duties of the City of Los Angeles with respect to all development agreements entered into prior to the date of the Election, and the City of Los Angeles shall be relieved of any obligation under those agreements. The new city shall indemnify and hold the City of Los Angeles harmless from any claims or actions based on the new city's failure to fulfill or enforce any of the terms of the development agreement or conditions of its approval, including, without limitation, terms or conditions related to environmental mitigation.
35. Conducting Authority. The Commission shall be the Conducting Authority and shall conduct protest proceedings for the Hollywood Special Reorganization in compliance with Government Code Section 57000, *et seq.*, and this Resolution.
36. Severability. Should any term or condition of this Resolution be found unlawful, unenforceable, invalid or void by a final judgment of a court of competent jurisdiction, all other terms and conditions of this Resolution shall remain in full force and effect and the Hollywood Special Reorganization shall remain in effect and shall not be void or invalidated by reason of said term or condition being unlawful, unenforceable, invalid or void.

BE IT FURTHER RESOLVED by the Local Agency Formation Commission for Los Angeles County that the County of Los Angeles Board of Supervisors is directed to initiate appropriate proceedings in compliance with this Resolution and State Law and that the Executive Officer of this Commission is authorized and directed to:

- a. Mail a certified copy of this Resolution to the chief petitioners;
- b. Mail a certified copy of this Resolution to the affected governmental agencies whose boundaries are affected by the Resolution; and
- c. File a certified copy of this Resolution with the Clerk of the Board of Supervisors of the County.

The foregoing Resolution was adopted by the Local Agency Formation Commission for Los Angeles County on this 5th day of June, 2002, by the following vote:

AYES: 6

NOES: 2

ABSTENTION: 1

Larry J. Calemine
Executive Officer

EXHIBIT A

LEGAL DESCRIPTION OF THE HOLLYWOOD SPECIAL REORGANIZATION AREA

From a point commencing at the intersection of the centerline of Fairfax Ave. and Melrose Ave.; thence following the centerline of Melrose Ave. in an easterly direction to its intersection with the western most edge of the Hollywood/101 Freeway; thence following the western most edge of the Hollywood/101 Freeway in a southeasterly direction to its intersection with the centerline of Hoover St.; thence following the centerline of Hoover St. in a northerly direction to its intersection with the centerline of Myra Ave.; thence following the centerline of Myra Ave. in a northeasterly direction to its intersection with the centerline of Fountain Ave.; thence following the centerline of Fountain Ave. in an easterly direction to its intersection with the centerline of Sanborn Ave.; thence following the centerline of Sanborn Ave. in a northerly direction to its intersection with the centerline of Clayton Ave.; thence following the centerline of Clayton Ave. in a generally easterly and northerly direction to its intersection with the centerline of Deloz Ave.; thence following the centerline of Deloz Ave. in a generally northerly direction to its intersection with the centerline of Franklin Ave.; thence following the centerline of Franklin Ave. in a westerly direction to its intersection with the centerline of Western Ave.; thence following the centerline of Western Ave. in a northerly direction to its western most intersection with the Fern Dell Park boundary; thence following the Fern Dell Park boundary in a northerly direction to its intersection with the Griffith Park boundary; thence following the Griffith Park boundary in a generally westerly and northerly direction to its intersection with the NW corner of

section 35 T.1N., R. 14 W; thence N.89°49'00"E. 1200.00 feet following the northerly line of said section; thence S.00°11'00"E. 125.00 feet; thence N.89°49'00"E. 450 feet; thence N.00°11'00"W 125.00 feet to the northerly line of said section; thence easterly along the northerly line of said section to its intersection with the Griffith Park boundary; thence following the Griffith Park boundary in a northerly direction to its intersection with the southern edge of the Forest Lawn Memorial Park Association property; thence following the Forest Lawn Memorial Park Association property in a generally westerly, southwesterly, northwesterly, and northerly direction to its intersection with the southern most edge of the Los Angeles River; thence following the southern most edge of the Los Angeles River in a westerly direction to its intersection with the western most edge of Barham Blvd.; thence following the western most edge of Barham Blvd. in a southerly direction to the southern line of the Rancho Providencia Tract; thence westerly and northerly along the Rancho Providencia Tract to the City of Los Angeles and Los Angeles County boundary at the eastern edge of the Universal Studios Los Angeles County property; thence following the eastern most Universal Studios Los Angeles County boundary in a southerly direction to the most southern corner of Lot 117 of Tract No. 7354; thence following along the Universal Studios boundary in a generally easterly direction to its intersection with the western most edge of Barham Blvd.; thence following the western most edge of Barham Blvd. in a southwesterly direction to its intersection with the centerline of the Hollywood/101 Freeway; thence following the centerline of the Hollywood/101 Freeway in a northerly direction to its intersection with the centerline of Lankershim Blvd.; thence following the centerline of Lankershim Blvd. in a southwesterly direction to its intersection with the northerly prolongation of the

westerly line of Lot 1 of Tract No. 17322, as shown on map filed in Book 647, pages 73, 74, and 75 of Tract Maps, in the office of the Recorder of the County of Los Angeles; thence southerly along said northerly prolongation to the northwesterly corner of said lot; thence continuing southerly along the boundary of said tract to the most northerly corner of Lot 40 of Tract 26748 recorded in Book 710, pages 55, 56, and 57 of said maps; thence southeasterly and southerly along the boundary of said last mentioned tract to the northerly boundary of Lot 2 of PROPERTY OF THE LANKERSHIM RANCH LAND AND WATER CO., as shown on map recorded in Book 66, pages 83, 84, and 85 of Miscellaneous Records in the office of said recorder; thence northerly along said last mentioned boundary to the easterly line of the said last mentioned lot; thence southerly along said easterly line and its southerly prolongation to its intersection with the centerline of Mulholland Dr.; thence following the centerline of Mulholland Dr. in a westerly and southerly direction to its intersection with the centerline of Laurel Canyon Blvd.; thence following the centerline of Laurel Canyon Blvd. in a southerly direction to its intersection with the centerline of Crescent Heights Blvd.; thence following the centerline of Crescent Heights Blvd. in a southerly direction to its intersection with the existing City of West Hollywood and City of Los Angeles boundary; thence following the existing City of West Hollywood and City of Los Angeles boundary in a generally southerly direction to its intersection with the centerline of Fairfax Ave.; thence following the centerline of Fairfax Ave. in a southerly direction to the original point of commencement at the centerline of Melrose Ave.

The first of these is the fact that the...
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LAFCO Commission Adopted Hollywood Boundary Exhibit B

Legend

 Adopted
Hollywood Boundary

 Streets, Thomas Brothers

 Miles

0 0.25 0.5 1

1:39,000



LAFCO
June 5, 2002

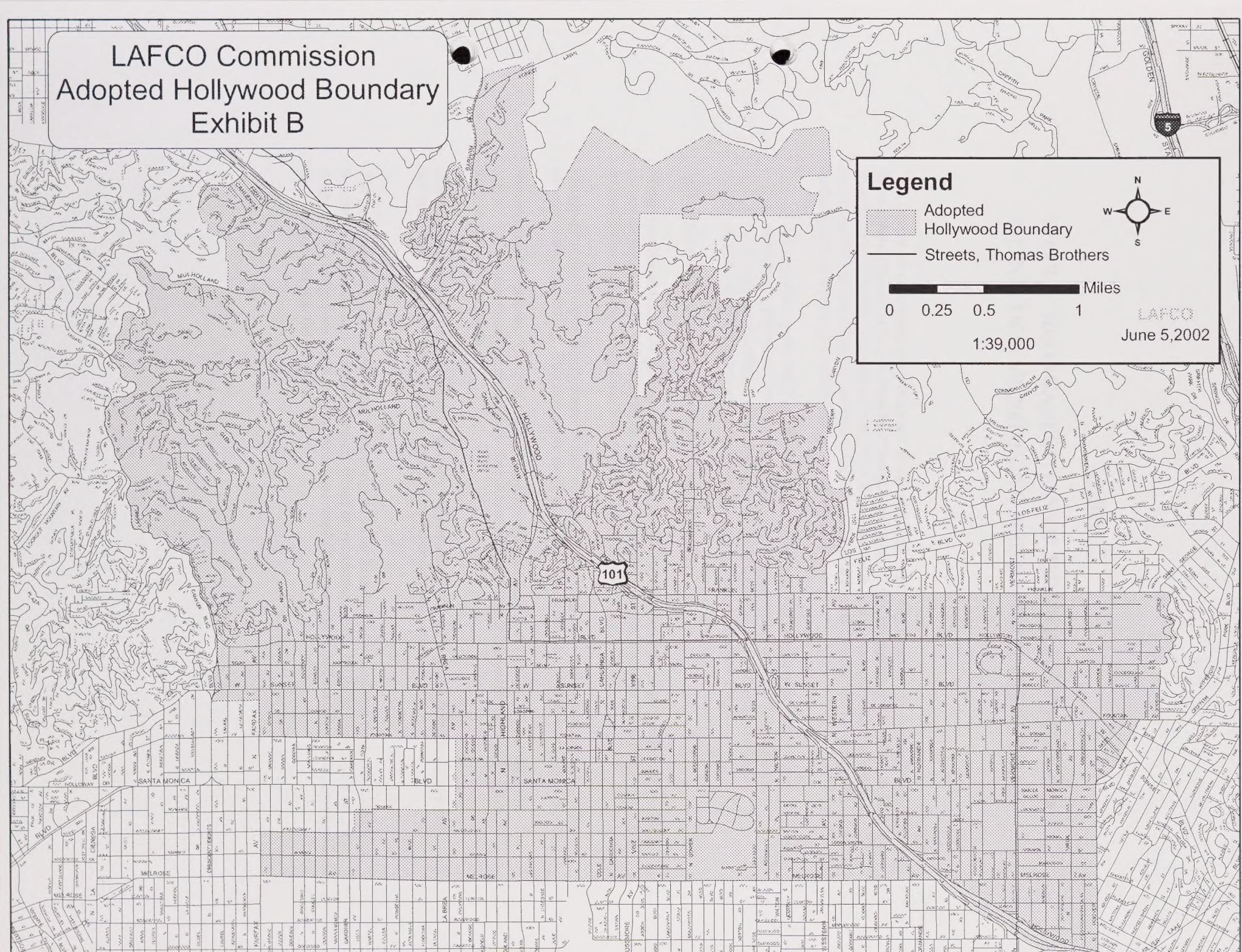




EXHIBIT C

SPECIAL REORGANIZATION OF THE HOLLYWOOD AREA MITIGATION MONITORING AND REPORTING PROGRAM

This document constitutes the Mitigation Monitoring and Reporting Program for the Hollywood Special Reorganization in Los Angeles County, California. It has been prepared pursuant to the requirements of Public Resources Code 21081.6, which states, among other things, that when a governmental agency adopts or certifies a California Environmental Quality Act document that contains the environmental review of a proposed project:

[T]he public agency shall adopt a reporting or monitoring program for the changes made to the project or conditions of project approval, adopted in order to mitigate or avoid significant effects on the environment. The reporting or monitoring program shall be designed to ensure compliance during project implementation.

This monitoring program contains the following elements:

Mitigation Measures. Mitigation measures are recorded with the action and procedure necessary to ensure compliance. The following table contains mitigation measures from the *Final Environmental Impact Report, Special Reorganization of the Hollywood Area* (May 2002).

Monitoring and Reporting Process. A procedure of compliance and verification has been outlined for each action necessary. This procedure designates what action the new Hollywood City will take.

Monitoring Milestone. This procedure designates when the new Hollywood City will take the action. For most actions, the compliance date is immediately upon incorporation or within 12 to 30 months after incorporation.

Initials and Date. A representative of the new Hollywood City shall sign and date the appropriate column when a procedure necessary to ensure compliance has been completed.

The program outlined in Table 1 has been designed to be flexible. As monitoring progresses, changes to compliance procedures may be necessary based on recommendations by those responsible for the program. If changes are made, new monitoring compliance procedures and records will be developed and incorporated into the program.

CHAPTER 1

A short history of the world, from the beginning of time to the present day, showing the progress of civilization and the growth of the human race.

The world is a vast and wonderful place, full of many different people and things. It is a place where we can learn so much about ourselves and the world around us.

There are many different kinds of people in the world, and each one has their own special talents and abilities. We can all learn from each other and grow together.

The world is full of many different kinds of things, from the smallest insects to the largest animals. Each one has its own special place in the world.

There are many different kinds of plants in the world, and each one has its own special uses. We can learn so much from the plants around us.

The world is a place where we can all learn and grow. We can all make a difference in the world, and we can all help to make it a better place.

There are many different kinds of people in the world, and each one has their own special talents and abilities. We can all learn from each other and grow together.

EXHIBIT D

CEQA FINDINGS OF FACT FOR THE FINAL EIR FOR THE HOLLYWOOD SPECIAL REORGANIZATION LOS ANGELES COUNTY, CALIFORNIA

1.0 INTRODUCTION

The Local Agency Formation Commission for Los Angeles County (Commission) hereby certifies and finds that the Hollywood Special Reorganization Project Final Environmental Impact Report (Final EIR), State Clearinghouse Number 2002011131 (which consists of the Draft Environmental Impact Report dated April 2002, the Comments and Response to Comments, and an Addendum to the Draft EIR), which is a Program EIR, has been completed in compliance with the California Environmental Quality Act (Public Resources Code Section 21000 *et seq.*, "CEQA") and that the Commission received, reviewed, and considered the information contained in the Final EIR, and contained in all hearings and submissions of testimony from the Applicant (as defined below), the public and other agencies, and that the Final EIR reflects the independent judgment of the Commission regarding the environmental impacts of the Hollywood Special Reorganization. Concurrently with the adoption of these Findings, the Commission adopts a Mitigation Monitoring and Reporting Program as part of this Final EIR.

Having received, reviewed, and considered the foregoing information, as well as any and all information in the administrative record, the Commission hereby makes Findings pursuant to and in accordance with Section 21081 of the Public Resources Code as follows:

1.1 PROJECT BACKGROUND AND ENVIRONMENTAL IMPACT REPORT PROCESS

The project for the purposes of CEQA is the Commission's discretionary approval of the proposed Hollywood Special Reorganization (the "Proposed Project").

Notice of Preparation. The Executive Officer initiated the environmental process with circulation of a notice of preparation ("NOP"), which was sent to responsible agencies and interested individuals for a 30-day review period from January 18, 2002 to February 19, 2002. The NOP, identifying the scope of environmental issues, was distributed to 64 organizations, interested parties, and state, federal, and local agencies. The NOP and the responses to the NOP from agencies and individuals are included in Appendix A to the Draft EIR. A total of nine comment letters were received.

Public Scoping Meeting. A Public Scoping Meeting was held on January 31, 2002, at the Kenneth Hahn Hall of Administration to give the public the opportunity to provide comments as related to the Proposed Project and the issues the public would like addressed in the EIR.

Draft EIR. The Draft EIR was distributed for public review on April 3, 2002, for the 45-day review period with the comment period expiring on May 18, 2002. Seven comment letters were received at the close of the public comment period. The specific and general responses to comments are in the Final EIR, Appendix C. Responses to public agency comments were distributed to those public agencies on May 24, 2002.

Notice of Completion. A Notice of Completion was sent with the Draft EIR to the Governor's Office of Planning and Research State Clearinghouse on April 3, 2002, and notice was provided in newspapers of general and/or regional circulation.

Final EIR. The Final EIR was distributed to the Commission on May 31, 2002.

Certification. On June 5, 2002, the Commission held a public hearing on the Special Reorganization of the Hollywood Final EIR and certified the Final EIR.

The Final EIR has been prepared by the Commission in accordance with CEQA, as amended, and the *CEQA Guidelines* for the implementation of CEQA. The Final EIR is a Program EIR prepared in accordance with *CEQA Guidelines* Section 15168(a). The Commission has relied on Section 15084(d)(2) of the *CEQA Guidelines*, which allows contracting with another entity, public or private, to prepare the Draft EIR. The Commission has reviewed drafts of all portions of the EIR and subjected them to its own review and analysis. The Draft EIR that was released for public review reflected the independent judgment of the Commission.

1.2 PROJECT FINDINGS INTRODUCTION

The Findings made by the Commission on the proposed Hollywood Special Reorganization in Los Angeles County, California, pursuant to Section 21081 of CEQA, and Section 15091 of the *CEQA Guidelines*, are presented below. All significant impacts of the Proposed Project identified in the Final EIR are described herein and are organized according to the resource affected (solid waste, water resources, and so forth.)

The Findings in this document are for the proposed Hollywood Special Reorganization and are supported by information and analysis from the EIR, including the responses to all public and agency comments. Where applicable, these Findings note the documents that contain the substantiation for each Finding.

For each significant impact, a Finding must be made as to one or more of the following, as appropriate, in accordance with Public Resources Code Section 21081 and *CEQA Guidelines* Section 15091:

- A. Changes or alterations have been required in, or incorporated into, the Proposed Project that avoid or substantially lessen the significant environmental effect as identified in the Final EIR;
- B. Such changes or alterations are within the responsibility of another public agency and not the agency making the finding. Such changes have been adopted by such other agency or can and should be adopted by such other agency; and/or
- C. Specific economic, legal, social, technological and/or other considerations make infeasible the mitigation measures or project alternatives identified in the Final EIR.

For each significant impact identified in the Final EIR, a Finding has been made that changes or alterations have been required in, or incorporated into, the Proposed Project that avoid or substantially lessen the significant environmental effect as identified in the Final EIR. A narrative of supporting facts follows the appropriate Finding.

1.3 PROJECT DESCRIPTION AND OBJECTIVES

1.3.1 PROJECT DESCRIPTION

The Proposed Project is the Hollywood Special Reorganization. It consists of a proposed special reorganization of the City of Los Angeles that would result in the formation of a new city (referred to herein as “Hollywood City”) as a separate municipal entity within a portion of what is now the City of Los Angeles. The special reorganization has been proposed by Hollywood Voters Organized Toward Empowerment (Hollywood VOTE) (the “Applicant”), which has submitted a valid petition and application to the Commission to initiate these proceedings.

Project Location. The area subject to the proposed Hollywood Special Reorganization is located in the central portion of the City of Los Angeles southeast of the San Fernando Valley. The boundaries of the Proposed Project are generally as follows: section line of Section 35, Township 1 North, Range 14 West and Hoover Street are located on the east; Melrose Avenue is on the south, Laurel Canyon Boulevard is on the west, and Forest Lawn Drive is on the north. With an estimated population of 186,240, the project area covers approximately 17.3 square miles. To the north of the proposed new Hollywood City is unincorporated County of Los Angeles territory, portions of the City of Los Angeles, and the City of Burbank. To the east is the City of Los Angeles. To the west are portions of the City of Los Angeles and the City of West Hollywood. To the south is the City of Los Angeles.

Proposed Form of Government. Consistent with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the “Hertzberg Act”), the Applicant proposes that, upon incorporation, the new city would adopt the ordinances of the City of Los Angeles, including its general plan and zoning ordinances, to govern the new Hollywood City until such time as the new city prepares and adopts its own ordinances. In the documents submitted, the Applicant has not expressed any intention to materially alter the general plan and zoning ordinances currently in effect. The new City Council would have the discretion to do so. If the Hollywood Special Reorganization were approved, the Hollywood area would be incorporated as a general law city. The new Hollywood City would have an elected City Council of five members, who would select one of their number to serve as Mayor. The City Council members would be elected by citywide vote, and the five candidates receiving the highest vote total would be elected.

Proposed Service Providers. The Applicant has proposed a transition period of up to three years. The City of Los Angeles has requested that the Commission not set a transition period of more than one year. The Subcommittee on Findings, Terms, and Conditions (Subcommittee) has recommended an 18-month transition period to the Commission, with an effective date of January 1, 2003. For the purpose of analysis, it was assumed that the Proposed Project included an 18-month transition period. The Executive Officer has recommended a one-year transition period with an effective date of July 1, 2003, which shortens the actual transition period, but provides the parties a six-month start-up period before the effective date to prepare for the transition. The Commission has adopted this recommendation, and finds that it does not alter the potential environmental impacts as analyzed in the Final EIR, because the recommended transition period is effectively 18 months.

During the transition period, the new Hollywood City would continue to rely on the City of Los Angeles for the provision of all municipal services until the new city and the City of Los Angeles negotiate for the new Hollywood City’s assumption of direct responsibility for providing some or all of its own services and/or the establishment of a contractual arrangement between the new Hollywood City and the City of Los Angeles for the continued provision of some or all municipal services.

For some services currently being performed by the City of Los Angeles, it might not be possible to divide existing infrastructure or equipment between the new Hollywood City and the City of Los

Angeles by the end of the transition period. These City of Los Angeles services, such as utility service, radio systems, and certain computer networks, utilize large-scale systems that have been designed for specific uses, and might be difficult to divide. In such cases, it was assumed that the new Hollywood City would contract for these particular services.

It is assumed that the City of Los Angeles through a franchise agreement or other type of agreement will provide utility services to the new Hollywood City, at the service levels currently provided.

The focus of analysis in this Program EIR is on the scenario that occurs after the transition period. Because the City of Los Angeles will continue to provide all municipal services during the transition period, there would be no potential impacts caused by the Proposed Project for that time period. After the transition period, it is assumed that the new Hollywood City would provide many of its own municipal services and contract for those services it could not provide directly. Table 1 lists the City of Los Angeles departments and those services that the new Hollywood City would likely provide directly and those it would likely seek to have provided through contract.

Table 1
Service Provision for the New Hollywood City after Transition Period

Department and/or Service	Corresponding Services Provided by
City Administrative Offices	New Hollywood City.
Aging	New Hollywood City. Los Angeles County would provide OAA-funded services. ¹
Animal Services	New Hollywood City. Contract services for collection of delinquent license fees.
Building and Safety	New Hollywood City. Contract services for fencing and parking validation.
City Attorney	New Hollywood City. Contract services for outside counsel.
City Clerk	New Hollywood City. Contract services for some administration of Business Improvement Districts.
Commission on Children, Youth and their Families	New Hollywood City
Commission on the Status of Women	New Hollywood City.
Community Development	New Hollywood City. Contract various office services.
Community Redevelopment Agency	Not provided by new Hollywood City.
Controller	New Hollywood City. Contract out for auditing services and other professional services.
Council	New Hollywood City.
Cultural Affairs	New Hollywood City.
Disability	New Hollywood City.
Emergency Preparedness	New Hollywood City.
Employees Relations Board	New Hollywood City.
Environmental Affairs	New Hollywood City.
Ethics Commission	New Hollywood City.
Finance	New Hollywood City.
Fire	New Hollywood City. Contract out for stress management, emergency medical advisor services, and various other services.

General Services	New Hollywood City. Contract out for security, mail, consulting, and various utility services.
Housing	New Hollywood City.
Human Relations Commission	New Hollywood City.
Information Technology Agency	New Hollywood City. Contract out for telecommunications service, computer programming, technical training, and information technology project management.
Library	New Hollywood City. Contract out for support of information technology.
Mayor	New Hollywood City.
Neighborhood Empowerment	New Hollywood City.
Personnel	New Hollywood City. Contract for employee training, advertising, systems development, executive recruitment, employee benefits consulting, discrimination investigation, benefits administration, contract hospitals, and physician services.
Planning	New Hollywood City.
Public Works	
Board of Public Works	New Hollywood City. Contract out for graffiti removal.
Bureau of Accounting	New Hollywood City.
Bureau Management-Employee Relations	New Hollywood City.
Contract Administration	New Hollywood City.
Bureau of Engineering	New Hollywood City.
Bureau of Sanitation	New Hollywood City for solid resources management and storm water services. Contract out for wastewater services.
Bureau of Street Lighting	New Hollywood City.
Bureau of Street Services	New Hollywood City. Contract out for asphalt recycling, tree trimming, and hauling.
Recreation and Parks	New Hollywood City.
Transportation	New Hollywood City. Contract out for parking citation processing and parking lot operation. Contract out for ATSAC. ²
Water and Power	Contract out for water and power services.

Notes: ¹OAA = Older Americans Act

²ATSAC = Automated Traffic Surveillance and Control System.

At the end of the transition period, according to the Applicant, the new Hollywood City would provide the services currently provided by the City of Los Angeles, whether directly or by contracting with the City of Los Angeles or other entities. During or after the transition period, certain infrastructure, facilities, and assets of the City of Los Angeles may be transferred to the new Hollywood City. In addition, certain staff may be transferred to the new city, as it assumes direct responsibility for providing services.

Proposed Number of Employees. During the transition period, the new Hollywood City would employ sufficient staff to perform primarily administrative duties. After the transition period, the Applicant proposes that a number of persons staffing each service department of the City of Los Angeles would be allocated to the Hollywood City. Identified in the *Hollywood Proposal for Special Reorganization Comprehensive Fiscal Analysis* (Public Financial Management, Inc., March 6, 2002) by applying benchmarks from budget documents of California cities that have incorporated since

1997, the number of staff that the new city would require is approximately 1,800, based on an apportionment of City of Los Angeles employees that currently serve the Hollywood area.

It is assumed that the general manager or executive director positions that are currently with the City of Los Angeles would likely remain with the City, and the new Hollywood City would fill its top management positions from other City staff transferred or from outside hiring. It is assumed that other staff positions are most likely to be filled through voluntary transfers of City of Los Angeles staff to the new Hollywood City.

For the purpose of analysis, it is assumed that approximately 85 percent of the 1,800 new Hollywood City employees would already be employed in this area. These employees would merely switch jobs. The remaining 15 percent (270 employees) would be new hires who never had a job before or who had never worked in the Hollywood area before. Throughout the EIR, this additional number of employees is a focus for impact analysis.

Proposed Equipment and Facilities. In addition to a transfer of personnel, the Proposed Project may include a transfer of properties, equipment, vehicles, and maintenance facilities in the Hollywood area, and certain telecommunications, and information technology systems necessary to support those functions. The Program EIR did not address whether or not compensation would be paid for assets that may be transferred pursuant to the Proposed Project. For most departments, the proposed transfer of personnel, facilities, and equipment would give the proposed Hollywood City the means to provide the services that the Hollywood area currently receives from the City of Los Angeles.

1.3.2 PROJECT OBJECTIVES

On August 23, 2000, the chief petitioners filed approximately 38,000 petition signatures with the Commission for verification of sufficiency. The Executive Officer forwarded the petitions to the County of Los Angeles Registrar-Recorder for a random sample verification, which indicated that there was a shortage in the required number of valid signatures. On November 20, 2000, the Executive Officer certified that the petition was sufficient after supplemental petition signatures were verified.

The application requested that a portion of the City of Los Angeles within the Hollywood area be reorganized into a new city separate from the City of Los Angeles. In addition to the application, the Applicant has submitted to the Commission the following documents further elaborating on the Applicant's proposal for the Hollywood Special Reorganization: *Hollywood VOTE Preliminary Vision Statement* (December 12, 2000), and the *Applicant's Preliminary Comprehensive Fiscal Analysis* (October 1, 2001).

As stated in the preliminary vision statement by Hollywood VOTE, the long-term goals of the Proposed Project are:

- *Greater local control over local neighborhoods and decisions affecting their quality of life;*
- *Improved basic services;*
- *Fair Taxes and Fees;*
- *Safe, Clean and green neighborhoods and business districts;*
- *Short, medium and long term planning based on the public's priorities;*

- *A community development environment that encourages new businesses, seeks to retain existing businesses and fosters the creation of new high-quality jobs;*
- *Equal Opportunity and fair local representation for all residents;*
- *Equity in the distribution of services and representation;*
- *A local government that is accessible, accountable and responsive to its residents.*

1.4 PROJECT ANALYSIS

The detailed analysis of potential environmental impacts and proposed mitigation measures for the Hollywood Special Reorganization is presented in Chapter 3.0 of the EIR. Responses to comments and any clarifications or revisions to the Draft EIR are provided in Appendix C of the Final EIR.

Within the Final EIR is the evaluation of 24 major environmental categories for project specific and cumulative impacts with respect to potential significant adverse impacts. The environmental categories include the following:

- | | | | |
|--------------------------|---------------------------------------|-----------------------------------|---|
| • Land Use | • Flood Control and Drainage | • Recreation and Open Space | • Air Quality |
| • Urban Form | • Transportation | • Cultural Resources | • Noise |
| • Housing and Population | • Fire and Emergency Medical Services | • Public Health | • Risk of Upset and Hazardous Materials |
| • Solid Waste | • Police Services | • Geologic and Seismic Conditions | • Other Services |
| • Wastewater | • Schools | • Biological Resources | • Potentially Excluded Areas |
| • Water Resources | • Libraries | | |
| • Utilities | | | |

Of these environmental categories, the Commission concurs with the conclusions in the Final EIR that the potential impacts described can be mitigated to a level of less than significance.

1.5 PROJECT FINDINGS ORGANIZATION

This Findings document is organized as follows:

- Section 1 – Introduction and Background.
- Section 2 – Potential environmental effects of the Proposed Project that are less than significant.
- Sections 3 – Potentially significant environmental effects of the Proposed Project that have been mitigated to a level of less than significant.
- Section 4 – Cumulative Effects of the Proposed Project.
- Section 5 – Unavoidable Significant Environmental Effects, Irreversible Environmental Impacts, and Growth Inducing Impacts.
- Section 6 – Alternatives to the Proposed Project.
- Section 7 – Findings regarding the Mitigation Monitoring and Reporting Program.
- Section 8 – CEQA Guidelines section 15091 and 15092 findings.

- Section 9 – CEQA section 21082.1 (c) findings.
- Section 10 – List of acronyms and references.

2.0 POTENTIAL ENVIRONMENTAL EFFECTS OF THE PROPOSED PROJECT THAT ARE LESS THAN SIGNIFICANT

The following issues were evaluated in the Draft EIR and found to have no potential to cause significant impact and, therefore, require no project-specific mitigation measures. In the following presentation, each resource issue is identified and the potential for significant adverse environmental effects is discussed.

2.1 LAND USE

Impact: There could be a change in the pattern of land uses, intensification of development density, incompatible land uses, or incremental loss of planned open space as a direct result of implementation of the Proposed Project.

Finding: There would be no land use impacts associated with the Proposed Project in either the Hollywood Special Reorganization area or the remaining City of Los Angeles.

Facts Supporting the Finding

While approval of the special reorganization by voters would result in the creation of a new Hollywood City, the Proposed Project would not include the removal of features or the construction of facilities that would hinder the predominate pattern of land uses between the City of Los Angeles and the new Hollywood City. In the new Hollywood City and the remaining City of Los Angeles, land use designations would continue as they are. There would be no intensification of development density, as the Proposed Project does not include any development. There would be no incompatible land uses except for those that may already exist. There would be no loss of planned open space, because there would be no changes in land use designations.

The existing City of Los Angeles General Plan and Zoning Ordinance would be adopted by the new Hollywood City to govern land use. Also upon incorporation, the laws of the new Hollywood City would utilize all existing municipal codes and ordinances of the City of Los Angeles, including those listed previously. Any adoption of plans or ordinances that would alter existing policies (to the point that a significant effect on land use may result) would involve discretionary actions to be taken by a yet-to-be elected City Council. Such discretionary actions would themselves be subject to CEQA, and require examination and disclosure of potential environmental impacts.

2.2 URBAN FORM

Impact: The Proposed Project could trigger urban form impacts by changing land use interrelationships, creating homogeneity, changing the existing scale of development, inhibiting pedestrian activity, causing development of different building mass and scale to be next to each other, or lessening city and community linkages.

Finding: The Proposed Project would not result in impacts to Urban Form to the Hollywood Special Reorganization area or to the remaining City of Los Angeles.

Facts Supporting the Finding

The following is an explanation of each threshold of significance and an explanation of the impacts created by the Proposed Project.

Changes in Land Use Interrelationships. With the Proposed Project, there is no associated development contemplated; therefore, there would be no impacts on the Hollywood Special Reorganization area or the remaining City of Los Angeles with respect to changes in land use interrelationships.

Homogeneity versus Differentiation of Land Uses. The Proposed Project, which is largely a developed urban area, does not contemplate changes in land use, and would not likely affect land uses in the remaining City of Los Angeles. There would be no impact on homogeneity versus differentiation of land uses to the Hollywood Special Reorganization area or the remaining City of Los Angeles.

Scale of Development. No changes in scale of development are contemplated with the Proposed Project. There would be no impact with respect to scale of development on the Hollywood Special Reorganization area or the remaining City of Los Angeles.

Pedestrian Environment. The Proposed Project would not change any pedestrian activity, as it is not a development proposal. There would be no pedestrian environmental impacts from the Proposed Project on the Hollywood Special Reorganization area or the remaining City of Los Angeles.

Relationships among Districts. The Proposed Project does not include development, so it does not cause developments of different mass and scale to abut. There would be no relationship among districts impact on the Hollywood Special Reorganization area or the remaining City of Los Angeles with the Proposed Project.

Citywide and Community Linkages. The Proposed Project does not include any changes in linear land use districts, transit, and/or open space. There would be no impact with respect to citywide and community linkages on the Hollywood Special Reorganization area or the remaining City of Los Angeles.

2.3 HOUSING AND POPULATION

Impact: The Proposed Project could cause a housing mix increase or population growth that exceeds forecasts.

Finding: The Proposed Project would not cause any significant impacts to housing or population to the Hollywood Special Reorganization area or to the remaining City of Los Angeles.

Facts Supporting the Finding

All existing housing and population conditions would remain with implementation of the Proposed Project. The Proposed Project would not generate any housing development or population increases. There would be no increases in the number of persons per dwelling unit, and housing unit types would not change. There would be no housing or population impacts as a result of the Proposed Project for the Hollywood Special Reorganization area or for the remaining City of Los Angeles.

2.4 WATER RESOURCES

Impact: The Proposed Project could cause anticipated water demand to exceed anticipated water supply or growth in an area with an insufficient water distribution system.

Finding: There would be no water supply impacts related to the Proposed Project.

Facts Supporting the Finding

With the Proposed Project, the City of Los Angeles Department of Water and Power (DWP) would provide water service to the new Hollywood City. There would be no additional water demand created by the Proposed Project. The Proposed Project does not include any growth in population, direct or indirect, associated with the development of housing or significant employment centers in the Hollywood Special Reorganization area or in the remaining City of Los Angeles.

2.5 UTILITIES

Impact: The Proposed Project could increase the demand for electricity and natural gas.

Finding: There would be no impacts associated with the Hollywood Special Reorganization with respect to the provision of electricity or natural gas in either the Hollywood Special Reorganization area or the remaining City of Los Angeles.

Facts Supporting the Finding

DWP exists as a separate proprietary agency of the City of Los Angeles. It provides electric service to all residents and businesses located within the city limits of Los Angeles and to portions of the Owens Valley, which is bounded by the Sierra Nevada on the west and the White and Inyo Mountains on the east. Electricity is distributed through an extensive distribution network. DWP operates receiving and distribution stations, and electricity is distributed to customers through a network of overhead and underground power lines. Currently there are no deficiencies in the distribution system.

The provision of natural gas to the City of Los Angeles is not the responsibility of a City of Los Angeles department or other public agency. It is assumed that the Southern California Gas Company "will continue to meet the natural gas needs of the City," according to the *Framework EIR* (page 2.7-21).

No population or employment levels would increase significantly as a result of the Proposed Project; thus, there would be no significant increase in electric power or natural gas demand. The City of Los Angeles DWP and the Southern California Gas Company would continue to provide services to the new Hollywood City. The Proposed Project would not affect electricity or natural gas service to the Hollywood Special Reorganization area or the remaining City of Los Angeles.

2.6 SCHOOLS

Impact: The Proposed Project could cause future anticipated student population to exceed the anticipated capacity of the public school system.

Finding: The Proposed Project would not cause an adverse impact on schools located within the Hollywood Special Reorganization area or the remaining City of Los Angeles.

Facts Supporting the Finding

The Los Angeles Unified School District would not be affected by the Proposed Project. There would be no increase in student population, and no attendance areas of public elementary, intermediate, and high schools would be changed.

2.7 LIBRARIES

Impact: The Proposed Project could introduce additional population growth that cannot be supported by adequate library space (as defined by planning standards of the State of California).

Finding: The Proposed Project would not result in significant population growth that would result in impacts to libraries.

Facts Supporting the Finding

The Proposed Project does not include any increase in population. Thus, it would not cause population increases to affect the need for additional library space. Because libraries are generally designed to deliver neighborhood services, the branch libraries would continue to serve the neighborhoods in which they are presently located. The new Hollywood City would likely contract for centralized library services from the City of Los Angeles or the County of Los Angeles. Based thereon, there would be no significant library services impacts. However, if the new Hollywood City was to construct or lease new facilities to provide centralized library services within its territory, subsequent CEQA documents would have to be submitted for the public to review.

2.8 RECREATION AND OPEN SPACE

Impact: Implementation of the Proposed Project could result in the introduction of:

- Population growth that cannot be supported by sufficient parkland acreage;
- Targeted growth areas that are placed in areas that are not within the service radius of a neighborhood or community park or in areas that are currently zoned or desired as open space;
- Development of areas that currently allow for open space uses, including protection of public health and safety, preservation of natural resources, or managed production of resources.

Finding: Present regional park deficiencies are considered to be an existing condition. There would be no significant recreation impacts as a direct result of the Proposed Project for the Hollywood Special Reorganization area or the remaining City of Los Angeles.

Facts Supporting the Finding

The Proposed Project does not consist of the creation of a targeted growth area or any other development, and no population centers would be created with the Proposed Project. The Hollywood Special Reorganization area does not contain sufficient neighborhood and community parkland to meet the existing population demand, but this is an existing condition. It would occur with or without the Proposed Project and is neighborhood and community specific. The City of Los Angeles is deficient by 8,481 acres of regional parkland, and the new Hollywood City is deficient by 535 acres. Without the new Hollywood City regional parks, the remaining City of Los Angeles deficiency would be 7,946 acres. The existing deficiency per 1,000 population is 2.29 acres. This decreases for the remaining City of Los Angeles to 2.26 acres per 1,000 population. The Proposed Project would not result in the diminishment

of any existing parks or open-space within the Hollywood Special Reorganization area or the remaining City of Los Angeles.

2.9 CULTURAL RESOURCES

Impact: The Proposed Project could:

- Damage, alter, or otherwise affect a cultural resource;
- Disrupt or adversely affect a prehistoric or historical archaeological site or a property of historical or cultural significance to a community or ethnic or social group;
- Conflict with established recreation, education, religious, or scientific uses of the area;
- Cause population increases to occur in areas of historic districts and historic sites in a way that is incompatible with the character of these sites; or
- Place significant future populations in areas of potential or known archeological and/or paleontological significance in a manner that results in the loss of these sites.

Finding: The Proposed Project would not result in a significant impact to cultural resources in the Hollywood Special Reorganization area or the remaining City of Los Angeles.

Facts Supporting the Finding

The inventory of surveys and maps of identified archeological and paleontological resources is located at the City of Los Angeles Planning Department and may be turned over to the new Hollywood City during the transition period. Any proposed projects to be located in any of the designated archeological or paleontological sensitive areas could require the preparation of an environmental impact report. As with any municipality, the new Hollywood City would be charged with the preservation of cultural monuments within its boundaries.

After the incorporation of the new Hollywood City, any proposed projects located in any of the designated archeological or paleontological sensitive areas could still require the preparation of an environmental impact report. Existing designations of national, State, or local historic resources of importance would remain. After the transition period, the new Hollywood City would evaluate any buildings designated as historic cultural monuments or State landmarks, or placed on the National Register of Historic Places, if demolition, alteration, or removal of that building is contemplated. If loss or serious damage to a historic or cultural asset could occur, an environmental impact report could be prepared.

The Proposed Project would not damage, alter, or otherwise affect a cultural resource, as it does not involve construction activities. For the same reason, it would not disrupt or adversely affect a prehistoric or historical archaeological site or a property of historic or cultural significance to a community or ethnic or social group. The Proposed Project would not conflict with established recreation, education, religious, or scientific uses of the area. These established uses would continue with the Proposed Project.

The Proposed Project does not include any increase in population. Thus, it would not cause population increases to occur in areas of historic districts and historic sites in a way that is incompatible with the character of these sites. Nor would it place significant future populations in areas of potential or known archeological and/or paleontological significance in a manner that results in the loss of these sites.

2.10 PUBLIC HEALTH

Impact: The Proposed Project could place a targeted growth area in an area that cannot provide adequate healthcare facilities in accordance with the bed per 1,000-population ratio established by the Los Angeles County Health Department.

Finding: The Proposed Project would not result in a significant impact to public health.

Facts Supporting the Finding

The Proposed Project does not involve the addition of population. Existing public health service levels would remain the same regardless of whether the Proposed Project were implemented. There is a surplus of hospital beds in the Hollywood Special Reorganization area and the remaining City of Los Angeles. Health care services can be considered adequate based upon the standard of service of 0.8 hospital beds per 1,000 population. The availability of public health facilities, however, providing low-cost services is scarce. This is an existing condition and is not a result of the Proposed Project. There would be no public health impacts for the Hollywood Special Reorganization area or the remaining City of Los Angeles as a result of the Proposed Project.

2.11 GEOLOGIC AND SEISMIC CONDITIONS

Impact: The Proposed Project could intensify development within a targeted growth area that is directly associated with one or more major geologic hazards.

Finding: The Proposed Project would not result in a significant impact relating to geologic and seismic conditions.

Facts Supporting the Finding

The Proposed Project does not consist of the creation of a targeted growth area; no population centers would be created with the Proposed Project. After the effective date of the Proposed Project, building codes would remain in place to govern the design of most structures. Dam safety regulations and flood plain ordinances would continue to mitigate damage or injury due to dam failure inundation within the Hollywood Special Reorganization area. Shallow groundwater hazards would continue to be mitigated through the use of standard design and construction measures. Soils engineering methods would continue to protect structures from the effects of liquefaction. Building codes and municipal codes that establish regulations for construction near existing mineral extraction sites would continue to be enforced. Slope stability hazards would continue to be mitigated through design and construction measures.

The new Hollywood City would adopt City of Los Angeles policies for groundshaking, slope stability, and liquefaction hazards that are located in the *Safety Element* (Chapter III). The new Hollywood City would also adopt City of Los Angeles standards and regulations that require fault rupture study zone reports and engineering investigation reports. Also to be adopted by the new Hollywood City would be the *Safety Element* and its maps of the Alquist-Priolo Special Study Zones, fault rupture study areas, areas susceptible to liquefaction, and an inventory of landslide and hillside areas, which are contained in Exhibits A, B, and C.

The Proposed Project would not cause any intensification of development within a targeted growth area that is directly associated with one or more major geologic hazards. Thus, there would be no

additional geologic or seismic impacts on the Hollywood Special Reorganization area or on the remaining City of Los Angeles other than those that are already existing.

2.12 BIOLOGICAL RESOURCES

Impact: The Proposed Project could:

- Conflict with the adopted environmental plans and goals of the community where it is located;
- Substantially affect a rare or endangered species of plant or animal or the habitat of such species;
- Interfere substantially with the movement of any migratory or resident fish or wildlife species; or
- Substantially diminish habitat for fish, wildlife, and plants.

Finding: There would be no impacts to biological resources on the new Hollywood City or the remaining City of Los Angeles because of implementation of the Proposed Project.

Facts Supporting the Finding

The Hollywood Special Reorganization area would continue to contain areas of open space and habitat, and sensitive biological resources would continue to exist as they do now. The new Hollywood City would become the steward of the portion of the Sensitive Ecological Area (SEA) that is located within its boundaries. The Federal, State, and local regulations would continue to be enforced by the new Hollywood City. The Proposed Project would not conflict with adopted environmental plans and goals for the Hollywood area, nor would it affect rare or endangered species of plants or animals or the habitat of such species. In addition, because the Proposed Project does not involve any construction activities, it would not interfere with the movement of any migratory or resident fish or wildlife species; or diminish habitat for fish, wildlife, and plants. All existing conditions would remain as they are.

2.13 AIR QUALITY

Impact: The Proposed Project could result in an increase in the frequency or severity of existing air quality violations, cause or contribute to new violations, delay timely attainment of air quality standards or the interim emission reductions specified in the regional Air Quality Management Plan (AQMP), or exceed the assumptions in the AQMP.

Finding: Implementation of the Proposed Project would not result in any significant impacts relating to air quality.

Facts Supporting the Finding

The Proposed Project does not include any construction or operations activities that would result in an increase in the frequency or severity of poor air quality episodes. The Proposed Project could cause a beneficial air quality impact with respect to travel time and accessibility to jobs. For example, a beneficial impact could occur if government employees who lived in the Hollywood area and worked in Downtown Los Angeles at the Civic Center were to change jobs to work for the new Hollywood City. There would likely be fewer miles traveled for employment and, as a consequence, fewer vehicle emissions air quality impacts through the decentralization of Civic Center employees.

The Proposed Project would not cause or contribute to new air quality violations. The existing air quality conditions and standards as discussed previously would remain. The new Hollywood City

would follow all State and Federal laws put forth to manage air quality. The 1997 AQMP would still serve as the comprehensive plan update for SoCAB, which is the air basin where the Hollywood Special Reorganization area is located. There would be no delay in timely attainment of air quality standards or the interim emission reductions specified in the regional AQMP. The assumptions in the AQMP would not be exceeded. If there were construction or operations activities in the future that could affect regional air quality, the yet-to-be elected Hollywood City Council would require CEQA analysis and public comment.

2.14 NOISE

Impact: The Proposed Project could cause areas with acceptable community noise equivalent level (CNEL) levels to exceed State compatibility standards and/or existing ordinances or result in increased ambient noise levels of over 5 A-weighted decibel scale (dBA).

Finding: There would be no significant impact with respect to noise as a direct result of the Proposed Project.

Facts Supporting the Finding

The Proposed Project would not cause the standard of 65 dB to be exceeded with respect to sound levels calculated for 20 feet outside all road rights-of way. For pedestrians, however, the rush hour automobile traffic noise would still violate noise standards daily on virtually every major highway and freeway in the City. The Proposed Project would cause no change in aircraft or railroad noise. After the transition period, it is expected that noise standards with respect to construction activities would continue to be enforced by the new Hollywood City in response to citizen complaints. There would be no construction activities as a result of the Proposed Project, however.

The applicable noise-related standards and guidelines for the City of Los Angeles would remain in effect at the time of incorporation of the new Hollywood City. The Planning and Zoning Code of the City of Los Angeles contains a variety of provisions that directly or indirectly mitigate noise impacts on, or impacts that are associated with, different types of land uses. In addition, the *General Plan Framework* and the Hollywood Community Plan designates appropriate land use zoning classifications. The *Noise Element* outlines considerations that may be taken into account during community plan preparation and planning permit processing. The noise ordinance guides land use considerations by setting maximum ambient noise levels for specific zones. After the transition period, the new Hollywood City would likely establish its own noise ordinances, noise element, and noise compatibility guidelines, presumably comparable in content to those that are existing. Title 24 of the California State Administrative Code would still regulate interior noise levels for new multi-family residential dwellings. There would be no environmental effect with respect to noise-related standards with the Proposed Project.

The Proposed Project would not cause areas with acceptable CNEL levels to exceed State compatibility standards and/or existing ordinances, as there would be no immediate change in the existing land use plan for the Hollywood Special Reorganization area. As part of the existing conditions, the standard of 65 dB is not exceeded with respect to sound levels calculated for 20 feet outside all rights-of way. Thus, there is no increase in ambient noise levels of over 5 dBA. The Proposed Project would not affect existing noise levels.

2.15 RISK OF UPSET AND HAZARDOUS MATERIALS

Impact: The Proposed Project could generate significant increases in population within an existing high-risk area.

Finding: The Proposed Project would not generate significant increases in population; therefore, there would be no significant risk of upset or hazardous materials impact in the Hollywood Special Reorganization area or the remaining City of Los Angeles.

Facts Supporting the Finding

The Southern California Gas Company (SoCalGas) would continue to maintain a comprehensive monitoring program to ensure that no damage to health, property, or natural resources occurs, and the natural gas safety systems would continue to be tested semiannually by SoCalGas.

The California Department of Conservation Division of Oil and Gas (DOG) would continue to regulate unrecorded oil wells and the re-abandonment of wells in the proximity of planned development. The new Hollywood City would adopt the existing Los Angeles City Municipal Code; therefore, the regulations for the location, drilling safeguards, and abandonment of oil wells in the Hollywood area would still be in place. At some point, the new Hollywood City would adopt its own municipal code, which would contain similar safeguards for oil wells.

The alarm system that allows DWP personnel to respond within a few hours because of spills or breaks in the pipes that house underground cable would still be in place. After the transition period, it is assumed with the Proposed Project that DWP services would continue to be contracted out with the new Hollywood City, and DWP services would continue to be provided to the new Hollywood City.

Hazardous materials storage and handling and hazardous waste generation and disposal would continue to be regulated by Federal, State, and County of Los Angeles regulations. After the transition period, the lead agency regulating hazardous materials for the new Hollywood City would be the new Hollywood City Fire Department. Immediately upon incorporation, the new Hollywood City, however, would follow the Los Angeles City Fire Code. At some point, the new Hollywood City would adopt its own fire code, which would most likely include a section on hazardous materials disclosures similar to the Los Angeles City Fire Code, Division 8. The new Hollywood City Fire Department would issue permits for hazardous material handling, enforce Health & Safety Code Section 25500, *et seq.*, and administer the applicable sections of the new Hollywood City Fire Code.

2.16 POTENTIALLY EXCLUDED AREAS

Impact: With exclusion of four areas from the territory of the Proposed Project, the Proposed Project could cause a non-contiguous City of Los Angeles “island” to occur within the boundaries of the Hollywood Special Reorganization area, significant changes in land uses, or significant decrease in service levels for the Hollywood Special Reorganization area or the remaining City of Los Angeles.

Finding: There would be no significant impacts resulting from the potentially excluded areas.

Facts Supporting the Finding

There are four general areas that could be excluded from the Proposed Project boundaries. In the north these include the (1) Forest Lawn and Mount Sinai Memorial Parks and (2) Universal Studios parcels. In the central eastern portion, these include (3) the Fern Dell Drive area, and in the south, (4) the La Cienega-Melrose Avenue area. The total land use types would decrease in the new Hollywood City by 162 acres, 53 acres, and 553 acres for residential, commercial, and open space, respectively,

if all four areas were excluded from the Proposed Project. Land use designations of all areas would remain the same regardless of what land is included in the Hollywood Special Reorganization area. There would be no impacts with respect to land uses, because no land use designations would be changed. The potential exclusions of the four areas would not create a non-contiguous island of City of Los Angeles land within the Hollywood Special Reorganization area.

There would be no changes in urban form; therefore, there would be no urban form impacts. Housing stock would remain the same in the potentially excluded areas. Population in the La Cienega-Melrose Avenue area is approximately 2,873 and would decrease the total population of the Hollywood Special Reorganization area by 1.5 percent, which would not be considered a substantial change. There would be no housing or population impacts.

In the four excluded areas, solid waste, wastewater, water, and electricity services would continue to be provided by the City of Los Angeles. There would be no impacts with regards to cultural resources, public health, geologic and seismic conditions, biological resources, air quality, noise, and risk of upset and hazardous materials. All existing conditions related to these resources would continue with or without the potentially excluded areas. The City of Los Angeles would provide all other services discussed in Section 3.22 of the Final EIR for the four areas that would be excluded. Natural gas would continue to be provided by the SoCalGas regardless of which jurisdiction controls the four areas.

Within the potentially excluded areas, the City of Los Angeles would continue to be responsible for constructing local interconnecting tributary drains. The Los Angeles County Flood Control District would continue to construct the major storm drains and open flood control channels, as it does currently.

Transportation impacts would largely remain the same with or without the four areas. As discussed in Section 3.9 of the Final EIR, all impacts would be less than significant. No fire or police stations are located within the areas that could be potentially excluded. The fire station located in the Universal City unincorporated area is presumably used to provide services if necessary for the Universal Studios parcels that are located within the Hollywood Special Reorganization area. For fire and police services impacts, a decrease in population within the Hollywood Special Reorganization area of 1.5 percent would not substantially change the impacts discussed in Sections 3.10 and 3.11 of the EIR. With mitigation measures, the fire and police impacts are less than significant.

Schools impacts are discussed in Section 3.12 of the Final EIR. It was determined that there could be no impact to schools, as the Proposed Project and/or the potentially excluded areas do not include the initiation of any changes in the boundaries of the Los Angeles Unified School District. School districts are legal entities separate and apart from the cities and/or counties whose residents they serve.

As for libraries, they are generally designed to deliver neighborhood services, and the branch libraries would continue to serve the neighborhoods in which they are presently located. There is an existing unmet demand for library facilities in all areas of the City of Los Angeles, which would continue with or without the excluded areas.

As shown in Section 3.14 of the Final EIR, *Recreation and Open Space*, the new Hollywood City would have 657 more open space acres than the 10-percent required of all lands in the *Open Space and Conservation Element*. With a decrease of 553 acres in open space in the Hollywood Special Reorganization area, the 10-percent requirement for open space lands would still be met. The remaining City of Los Angeles would have 6,396 additional acres of open space beyond the 10-

percent requirement. If the four areas were excluded from the Proposed Project, the additional 553 acres would be added to their total, and there would be no recreation and open space impacts to the remaining City of Los Angeles.

3.0 POTENTIALLY SIGNIFICANT ENVIRONMENTAL EFFECTS OF THE PROPOSED PROJECT THAT HAVE BEEN MITIGATED TO A LEVEL OF LESS THAN SIGNIFICANT

The Commission hereby finds, pursuant to Section 21081 that the following potential environmental impacts can and will be mitigated to below a level of significance, based upon the implementation of the mitigation measures from the Final EIR. Each mitigation measure discussed in this section of the findings is assigned a letter or letters and a number, correlating it with the Mitigation Monitoring and Reporting Program included in the Final EIR and adopted by the Commission to provide for the enforcement of such mitigation measures. Specific findings of the Commission for each category of such impacts are set forth in detail below.

3.1 SOLID WASTE

Impact: The creation of an additional number of government employees in the Hollywood Special Reorganization area could result in a significant impact to solid waste generation.

Finding: Implementation of the mitigation measures set forth in Section 3.4 of the Final EIR will ensure that the source of solid waste is reduced, disposal of waste is minimized, and programs are in place for diversion of solid waste, reducing the impact to a less than significant level.

Facts Supporting the Finding

The potential impacts of increased solid waste volumes are discussed in Section 3.4 of the Final EIR. Some 0.79 tons per day of additional solid waste would be generated by a possible addition of 270 employees. The new Hollywood City would provide its own solid waste services after the transition period. Conditions contained in the mitigation measures avoid or substantially lessen the significant environmental effects analyzed in the Final EIR such that no significant impacts remain.

The following mitigation measures from the Final EIR will mitigate these impacts to below a level of significance.

- SW1. The new Hollywood City shall seek to ensure that all mixed solid waste that cannot be reduced, recycled, or composted is collected, transferred, and disposed of in a manner that minimizes adverse environmental impacts.
- SW2. The new Hollywood City shall maintain an environmentally sound solid waste management system that protects public health, safety, and natural resources and minimizes adverse environmental impacts.
- SW3. The new Hollywood City shall prepare a 30-year policy plan that provides direction for the solid waste management decision-making process.
- SW4. The new Hollywood City shall establish citywide diversion objectives.
- SW5. The new Hollywood City shall define specific programmatic tasks, roles, and responsibilities for source reduction, composting, special waste, and public education goals, as well as an implementation schedule.
- SW6. The new Hollywood City shall ensure that it acquires adequate landfills and recycling capacities to dispose of solid waste.

- SW7. The new Hollywood City shall pursue the development of a transfer station in the central Los Angeles area that will allow the new Hollywood City access to desert rail-haul disposal facilities.

3.2 WASTEWATER

Impact: The creation of an additional number of government employees in the Hollywood Special Reorganization area could result in a significant impact to wastewater flow.

Finding: Implementation of the mitigation measures set forth in Section 3.5 of the Final EIR will reduce potential impacts related to wastewater to a level that is less than significant.

Facts Supporting the Finding

The potential impacts related to wastewater are discussed in Section 3.5 of the Final EIR. Approximately 7,560 gallons per day or approximately 0.0076 million gallons per day of additional effluent would be created by a possible addition of 270 employees. Wastewater services would be provided by contract after the transition period. Conditions contained in the mitigation measures avoid or substantially lessen the significant environmental effects analyzed in the Final EIR such that no significant impacts remain.

The following mitigation measures from the Final EIR will mitigate this impact to below a level of significance.

- WW1. The new Hollywood City shall ensure that its own wastewater generation is monitored.
- WW2. The new Hollywood City shall ensure that its own wastewater flow quantities are monitored in the collection system and are conveyed to the treatment plants.
- WW3. The new Hollywood City shall ensure that its own wastewater effluent that is discharged into the Santa Monica Bay is monitored for compliance with water quality requirements.
- WW4. The new Hollywood City shall ensure that its own wastewater is collected and treated as required by law and Federal, State, and regional regulatory agencies.
- WW5. The new Hollywood City shall ensure that its own wastewater treatment capacity is maintained commensurate with population and industrial needs.
- WW6. The new Hollywood City shall ensure that other means of expanding the wastewater system's capacity are reviewed.
- WW7. The new Hollywood City shall ensure that its hazardous substances and the total amount of flow entering the wastewater system are reduced.
- WW8. The new Hollywood City shall ensure that treated wastewater is used for irrigation, groundwater recharge, and other beneficial purposes.

3.3 FLOOD CONTROL AND DRAINAGE

Impact: The Proposed Project would not increase the amount of impervious surface, and thus would not substantially increase stormwater runoff within the Hollywood Special Reorganization area or the remaining City of Los Angeles. Responsibility for the City of Los Angeles storm drain system in the Hollywood Special Reorganization area would be transferred to the new city.

Finding: Implementation of the mitigation measures set forth in Section 3.8 will ensure that potential impacts would be reduced to a level that is less than significant.

Facts Supporting the Finding

The flood control and drainage issues with respect to the Hollywood Special Reorganization area and the remaining City of Los Angeles are discussed in Section 3.8 of the Final EIR. The new Hollywood City would take over the responsibility for constructing local interconnecting tributary drains for the Hollywood Special Reorganization area after the transition period. The Los Angeles County Flood Control District (LACFCD) would continue to construct the major storm drains and open flood control channels as it does currently. The new Hollywood City would design proposed drainage facilities consistent with the Los Angeles Flood Control District guidelines found in County of Los Angeles Department of Public Works' Hydrology, Hydraulics, and Structural Manuals. The LACFCD would continue to design for a 50-year storm event and the U.S. Army Corps of Engineers for a 100-year event. However, the Proposed Project would not increase the amount of impervious surface, and thus would not substantially increase stormwater runoff within any area.

The following mitigation measures from the Final EIR will mitigate any flood control and drainage impacts to below a level of significance.

- FC1. The new Hollywood City shall consider appropriate methodologies to protect significant remaining open spaces for resource protection and mitigation of environmental hazards, such as flooding, in and on the territory of the Hollywood Special Reorganization, with the following incentives:
 - a. Use of tax incentives for landowners to preserve their lands;
 - b. Development rights exchanges in the local area; and
 - c. Participation in land banking, public acquisition, land exchanges, and Williamson Act contracts.
- FC2. The new Hollywood City shall preserve floodplains, landslide areas, and steep terrain areas as open space, wherever possible, to minimize the risk to public safety.
- FC3. The new Hollywood City shall develop a stormwater management system that has adequate capacity to protect its citizens and property from flooding that result from a 10-year storm (or a 50-year storm in sump areas).
- FC4. The new Hollywood City shall assign the cost of stormwater system improvements proportionately to reflect the level of runoff generated and benefits.
- FC5. The new Hollywood City shall implement programs to correct any existing deficiencies in the stormwater collection system.
- FC6. The new Hollywood City shall ensure that the drainage system located within their territory is adequately maintained.
- FC7. The new Hollywood City shall pursue funding strategies that link the sources of revenues for stormwater system improvement to relevant factors, including sources of runoff and project beneficiaries.
- FC8. The new Hollywood City shall establish standards and/or incentives for the use of structural and non-structural techniques that mitigate flood hazards and manage stormwater pollution.

- FC9. The new Hollywood City shall consider a range of strategies designed to reduce flood hazards and manage stormwater pollution. The strategies considered will include, but not necessarily be limited to, the following:
- a. Support regional and local programs that intercept runoff for beneficial uses, including groundwater recharge;
 - b. Protect and enhance the environmental quality of natural drainage features;
 - c. Create stormwater detention and/or retention facilities that incorporate multiple-uses, such as recreation and/or habitat;
 - d. Encourage on-site detention/retention and reuse of runoff;
 - e. Mitigate existing flood hazards through structural modifications (flood-proofing) or property buyout;
 - f. Incorporate site design features that enhance the quality of offsite runoff;
 - g. Use land use authority and redevelopment to free floodways and sumps of inappropriate structures that are threatened by flooding and establish appropriate land uses that benefit or experience minimal damage from flooding; and
 - h. Investigate watershed management opportunities to maximize capture of local rainfall in the new Hollywood City, eliminate incremental increase in flows to the storm drain system, and provide filtering flows to capture contaminants.
- FC10. The new Hollywood City shall be actively involved in the regional NPDES municipal stormwater permit.
- FC11. The new Hollywood City shall continue to aggressively develop and implement educational outreach programs designed to foster an environmentally aware citizenry.
- FC12. The new Hollywood City shall investigate management practices that reduce stormwater pollution to identify technically feasible and cost effective-approaches, through the following:
- a. Investigation of sources of pollution using monitoring, modeling and special studies;
 - b. Prioritization of pollutants and sources;
 - c. Conducting research and pilot projects to study specific management practices for the development of standards; and
 - d. Development of requirements that establish implementation standards for effective management practices.
- FC13. The new Hollywood City shall submit its Unmet Drainage Needs to the Los Angeles County Public Works' Watershed Management Division.

3.4 TRANSPORTATION

Impact: There could be additional trips within the Hollywood area caused by an additional 270 employees.

Finding: Implementation of the mitigation measures set forth in Section 3.9 of the Final EIR will reduce potential impacts related to transportation to a level that is less than significant.

Facts Supporting the Finding

The potential impacts related to transportation are discussed in Section 3.6 of the Final EIR. The analysis concluded that there is the potential to cause additional trips. The Final EIR analysis concluded that the creation of an additional number of government employees in the Hollywood Special Reorganization area could result in a significant impact to transportation by causing additional trips.

The following mitigation measures from the Final EIR will mitigate this impact to below a level of significance.

- T1. The new Hollywood City shall continue progress in trip reduction through implementation of Clean Air Program projects to meet or exceed 2010 market levels of ridesharing, transit ridership (10.3 percent of peak hour trips), and telecommuting (6.8 percent of peak hour work trips).
- T2. The new Hollywood City shall proactively support the regional implementation of market incentives to achieve regional levels of trip reduction in state and federal Clean Air Acts, while protecting the economic future of the new Hollywood City and the region. The new Hollywood City shall develop trip reduction targets.
- T3. The new Hollywood City shall pursue the creation of regional contingency and/or backstop transportation control measures that utilize market incentives to ensure the ultimate attainment of trip reduction and mobile source emission reduction mandates.
- T4. The new Hollywood City shall develop an adequate fiber optics infrastructure to enable continued growth in communications technologies and support the practice of telecommuting to achieve a reduction in home-to-work person trips.
- T5. The new Hollywood City shall work collaboratively with other local, regional, state, and federal agencies to expand the ridership of the bus system by 5 percent per year.
- T6. The new Hollywood City shall support the Automated Traffic Surveillance and Control (ATSAC) program throughout the Hollywood Special Reorganization area.
- T7. The new Hollywood City shall maintain present levels of parking enforcement, traffic control, and traffic engineering.

3.5 FIRE AND EMERGENCY MEDICAL SERVICES

Impact: The service impacts could be significant if certain fire or emergency medical services were not provided or response times were diminished from their present levels in the Hollywood Special Reorganization area or the remaining City of Los Angeles.

Finding: Implementation of the mitigation measures set forth in Section 3.10 of the Final EIR will reduce potential impacts related to fire and emergency medical services to a level that is less than significant.

Facts Supporting the Finding

The potential impacts related to fire services are discussed in Section 3.10 of the Final EIR. The Los Angeles Fire Department's shortages of engine company and truck company service availability is an ongoing existing condition that is not because of the Proposed Project, but would continue to occur with the Proposed Project. The analysis concluded that there is the potential to inherit the shortages of engine company and truck company service availability, and that, dependent on the outcome of negotiations for the continued provision of fire and emergency medical services, service impacts

could be significant if certain fire or emergency medical services are not provided or response times are diminished from their present levels in the Hollywood Special Reorganization area or the remaining City of Los Angeles.

The following mitigation measures from the Final EIR will mitigate this impact to below a level of significance.

- F1. The new Hollywood City shall monitor infrastructure and public service capacities to determine need within each community plan area for improvements based upon planning standards.
- F2. The new Hollywood City shall establish programs for infrastructure and public service improvements to accommodate development in areas that are targeted for growth.
- F3. The new Hollywood City shall determine the level of growth that should correlate with capital, facility, or service improvements that are necessary to accommodate that level of growth.
- F4. The new Hollywood City shall require that the type, amount, and location of development be correlated with the provision of adequate supporting infrastructure and services.
- F5. The new Hollywood City shall identify areas that have deficient fire facilities and/or service and prioritize the order in which these areas should be upgraded based on established fire protection standards.
- F6. The new Hollywood City shall develop an acquisition strategy for fire station sites in areas that are deficient in fire facilities.
- F7. The new Hollywood City shall consider the fire department's concerns and, where feasible, adhere to them, regarding the quality of the area's fire protection and emergency medical services when developing a new general plan and amendments thereto, zoning ordinances and changes in zoning, or considering discretionary land use permits.
- F8. The new Hollywood City shall engage in fire station development advance planning, acknowledging the amount of time needed to fund and construct these facilities.
- F9. The new Hollywood City shall enter into mutual aid or mutual assistance agreements with local fire departments to ensure that there is an adequate response in the event of a major earthquake, wildfire, urban fire, fire in areas with substandard fire protection, or other fire emergency.
- F10. The new Hollywood City shall maintain the continued involvement of its Fire Department in the preparation of contingency plans for emergencies and disasters.

3.6 POLICE SERVICES

Impact: The new Hollywood City could inherit existing inadequate levels of police service.

Finding: Implementation of the mitigation measure set forth in Section 3.11 of the Final EIR will reduce potential impacts related to police services to a level that is less than significant.

Facts Supporting the Finding

The potential impacts related to police services are discussed in Section 3.11 of the Final EIR. The analysis concluded that the new Hollywood City would inherit existing inadequate levels of service.

The national standard is 4 sworn officers per 1,000 population. After special reorganization, the Hollywood Special Reorganization area would have 1.45 sworn officers per 1,000 population. The remaining part of the City of Los Angeles would have 1.59 sworn personnel per 1,000 population, which is higher than the existing 1.42 ratio for the City of Los Angeles, but still far below the national standard. However, the Final EIR also found that there would be no increase in population as a result of the Proposed Project; therefore, the number of sworn officers required would not increase.

The following mitigation measures from the Final EIR will mitigate this impact to below a level of significance.

- P1. The new Hollywood City shall monitor population, development, and infrastructure and service capacities within each community plan area or other pertinent service area.
- P2. The new Hollywood City shall monitor and report police statistics, as appropriate, and population projections for the purpose of evaluating police service based on existing and future needs.
- P3. The new Hollywood City shall work with its police services providers to maintain standards for the appropriate number of sworn police officers to serve the needs of residents, businesses, and industries.
- P4. The new Hollywood City shall support the provision of additional sworn police officers to meet the safety needs of its territory.
- P5. The new Hollywood City shall pursue State, Federal, and other non-conventional funding sources to increase the number of sworn police officers.
- P6. The new Hollywood City shall identify neighborhoods in its territory where facilities are needed to provide adequate police protection.
- P7. The new Hollywood City shall minimize the processing required to establish needed facilities and, if necessary, modify facility standards to utilize existing available structures for this purpose.
- P8. The new Hollywood City shall participate fully in the planning of activities that assist in defensible space design and utilize the most current law enforcement technology affecting physical development.
- P9. The new Hollywood City shall maintain mutual assistance agreements with local law enforcement agencies, State law enforcement agencies, and the National Guard to provide for public safety in the event of emergency situations.

3.7 OTHER SERVICES

Impact: With respect to other services:

- Hollywood seniors may not have the benefits of the Aging services comparable to those services currently provided by the City of Los Angeles;
- If cultural affairs programs were discontinued, this could be a significant impact to Hollywood and Los Angeles residents;
- There could be shortfalls in emergency preparedness services, such as provided by staff that are located in downtown Los Angeles along with critical equipment (computers and computer workstations); and

- There could be a reduction of Downtown Area Short Hop (DASH) services to the Hollywood Special Reorganization area.

Finding: Implementation of the mitigation measure set forth in Section 3.22 of the Final EIR will reduce potential impacts related to other services to a level that is less than significant.

Facts Supporting the Finding

The discussion related to impacts on other services is in Section 3.22 of the Final EIR. Potential impacts resulting from implementation of the Proposed Project include service level impacts. Many City of Los Angeles departments provide specialized or proprietary services that may be expensive, technically infeasible, or otherwise problematic for the proposed Hollywood City to duplicate, either through lack of sufficient staffing or lack of expertise.

The following mitigation measures from the Final EIR will mitigate this impact to below a level of significance.

- OS1. The new Hollywood City shall ensure that programs for seniors comparable to those presently provided by the City of Los Angeles are provided by the Hollywood City or other agencies.
- OS2. The new Hollywood City shall disseminate information on State, Federal, and private sources of senior services that are available to its residents.
- OS3. The new Hollywood City shall provide comparable cultural services to its residents.
- OS4. The new Hollywood City shall provide DASH or comparable transportation services at the level currently provided to its residents.
- OS5. The new Hollywood City shall enter into mutual aid or mutual assistance agreements with local fire departments to ensure that there is an adequate response in the event of a major earthquake, wildfire, urban fire, fire in areas with substandard fire protection, or other fire emergency.
- OS6. The new Hollywood City shall maintain the continued involvement of the Fire Department in the preparation of contingency plans for emergencies and disasters.
- OS7. The new Hollywood City shall maintain mutual assistance agreements with local law enforcement agencies, State law enforcement agencies, and the National Guard to provide for public safety in the event of emergency situations.

4.0 CUMULATIVE EFFECTS OF THE PROPOSED PROJECT

The cumulative analysis for the Proposed Project considered the potential approval of three Special Reorganizations within the City of Los Angeles (Harbor, San Fernando Valley, and Hollywood, which is the Proposed Project).

4.1 LESS THAN SIGNIFICANT CUMULATIVE IMPACTS

The following issues were evaluated in the Draft EIR and found to have no potential to cause significant cumulative impacts and, therefore, require no project-specific mitigation measures. Sixteen resource issues were considered to have less than significant cumulative impacts and are cataloged in the following list. The section in which cumulative impacts are discussed is also listed.

- | | | |
|----------------------------------|--|---|
| • Land Use (4.4.1) | • Libraries (4.4.13) | • Biological Resources (4.4.18) |
| • Urban Form (4.4.2) | • Recreation and Open Space (4.4.14) | • Air Quality (4.4.19) |
| • Housing and Population (4.4.3) | • Cultural Resources (4.4.15) | • Noise (4.4.20) |
| • Water Resources (4.4.6) | • Public Health (4.4.16) | • Risk of Upset and Hazardous Material (4.4.21) |
| • Utilities (4.4.7) | • Geologic and Seismic Conditions (4.4.17) | • Cahuenga Pass Area (4.4.23) |
| • Schools (4.4.12) | | |

In all cases, the impact as described for the Proposed Project is also the impact of all three together.

4.2 LESS THAN SIGNIFICANT WITH MITIGATION MEASURES INCORPORATED

The Commission hereby finds, pursuant to Section 21081 that the following potential cumulative environmental impacts can and will be mitigated to below a level of significance, based upon the implementation of the mitigation measures from the Final EIR. Each mitigation measure discussed in this section of the findings is assigned a letter or letters and a number, correlating it with the Mitigation Monitoring and Reporting Program included in the Final EIR and adopted by the Commission to provide for the enforcement of such mitigation measures. Specific findings of the Commission for each category of such impacts are set forth in detail below.

4.2.1 SOLID WASTE MANAGEMENT

Impact: There is the potential to increase the amount of solid waste generated as a result of the special reorganizations.

Finding: Implementation of the mitigation measures set forth in Section 3.4 of the Final EIR will reduce potential impacts related to solid waste generated as a result of the three special reorganizations to a level that is less than significant.

Facts Supporting the Finding

The potential cumulative impacts related to solid waste are discussed in Section 4.4.4 of the Final EIR. The analysis concluded that there is the potential to increase the amount of solid waste

generated. An additional 5.6 tons of solid waste would be produced as a result of the cumulative addition of 1,905 employees by the Proposed Project and related projects. Conditions contained in the mitigation measures avoid or substantially lessen the significant environmental effects analyzed in the Final EIR such that no significant impacts remain.

The mitigation measures SW1 through SW7 from the Final EIR, as listed in section 3.1 of this document, will mitigate these impacts to below a level of significance, provided similar mitigation measures are applied to the Harbor and Valley Special Reorganizations.

4.2.2 WASTEWATER

Impact: There is the potential to increase the amount of wastewater generated as a result of the special reorganizations.

Finding: Implementation of the mitigation measures set forth in Section 3.5 of the Final EIR will reduce potential impacts related to wastewater generated as a result of the three special reorganizations to a level that is less than significant.

Facts Supporting the Finding

The potential cumulative impacts related to wastewater are discussed in Section 4.4.5 of the Final EIR. The analysis concluded that there is the potential to increase the flow of wastewater as a result of the three special reorganizations. Approximately 53,340 gallons per day or approximately 0.05 million gallons per day of additional effluent would be created by a possible cumulative addition of 1,905 employees. Wastewater services would be provided by contract after the transition period.

The mitigation measures WW1 through WW8 from the Final EIR, as listed in Section 3.2 of this document, will mitigate this impact to below a level of significance, provided similar mitigation measures are applied to the Harbor and Valley Special Reorganizations.

4.2.3 FLOOD CONTROL AND DRAINAGE

Impact: The Proposed Project would not increase the amount of impervious surface, and thus would not substantially increase stormwater runoff within the three reorganization areas or the remaining City of Los Angeles.

Finding: Implementation of the mitigation measures set forth in Section 3.8 of the Final EIR will reduce potential impacts related to flood control and drainage as a result of the three special reorganizations to a level that is less than significant.

Facts Supporting the Finding

The potential cumulative impacts related to flood control and drainage are discussed in Section 4.4.8 of the Final EIR. No additional population would be placed within the three special reorganization areas. Each new city would take over the responsibility for constructing local interconnecting tributary drains for its territory. The Los Angeles County Flood Control District (LACFCD) would continue to construct the major storm drains and open flood control channels as it does currently. The new cities would design their systems to convey storm flows from a 10-year storm event. The LACFCD would continue to design for a 50-year storm event and U.S. Army Corps of Engineers for a 100-year event. Because no new development is contemplated, the three special reorganizations would not increase the amount of impervious surfaces, and thus would not substantially increase

stormwater runoff within any area. The Los Angeles Regional Water Quality Control Board may designate each new city as a permittee under the permit or issue a separate National Pollutant Discharge Elimination System (NPDES) permit consistent with the countywide permit.

The mitigation measures FC1 through FC13 from the Final EIR, as listed in Section 3.3 of this document, will mitigate flood control impacts to below a level of significance, provided similar mitigation measures are applied to the Harbor and Valley Special Reorganizations.

4.2.4 UTILITIES

Impact: There is the potential to increase the demand for electricity and natural gas as a result of the special reorganizations.

Finding: There would be no cumulative impacts associated with the three special reorganizations with respect to the provision of electricity and natural gas.

Facts Supporting the Finding

The potential cumulative impacts related to utilities are discussed in Section 4.4.7 of the Final EIR. No population or employment levels would increase substantially as a result of the three special reorganizations; thus, there would be no substantial increase in cumulative electric power or natural gas demand. The new cities would continue to receive electricity services from DWP and natural gas services from SoCalGas. There would be no cumulative impacts associated with the three special reorganizations related to the provision of electricity or natural gas.

4.2.5 TRANSPORTATION

Impact: The achievement of state and federal trip reduction targets may be affected by the cumulative addition of 1,905 employees to the special reorganization areas.

Finding: Implementation of the mitigation measures set forth in Section 3.9 of the Final EIR will reduce potential impacts related to transportation as a result of the three special reorganizations to a level that is less than significant.

Facts Supporting the Finding

The cumulative impacts related to transportation are discussed in Section 4.4.9 of the Final EIR. The Final EIR concluded that an additional 1,905 government employees would work in the special reorganization areas. The analysis concluded that there is the potential to cause significant transportation impacts.

The mitigation measures T1 through T7 from the Final EIR, as listed in Section 3.4 of this document, will mitigate this impact to below a level of significance, provided similar mitigation measures are applied to the Harbor and Valley Special Reorganizations.

4.2.6 FIRE AND EMERGENCY MEDICAL SERVICES

Impact: The service impacts could be significant if certain fire or emergency medical services are not provided or response times are diminished from their present levels in any one of the new cities or the remaining City of Los Angeles.

Finding: Implementation of the mitigation measures set forth in Section 3.7 of the Final EIR will reduce potential impacts related to fire and emergency medical services as a result of the three special reorganizations to a level that is less than significant.

Facts Supporting the Finding

The potential impacts related to fire services are discussed in Section 4.4.7 of the Final EIR. The analysis concluded that there is the potential to inherit the shortages of engine company and truck company service availability, and that, depending on the outcome of negotiations for the continued provision of fire and emergency medical services, service impacts could be significant.

The mitigation measures F1 through F10 from the Final EIR, as listed in Section 3.5 of this document, will mitigate this impact to below a level of significance, provided similar mitigation measures are applied to the new Harbor and Valley Special Reorganizations.

4.2.7 POLICE SERVICES

Impact: There is the potential for impacts to the level of police service as a result of the special reorganizations.

Finding: Implementation of the mitigation measures set forth in Section 3.11 of the Final EIR will reduce potential impacts related to police services to a level that is less than significant.

Facts Supporting the Finding

The potential cumulative impacts related to police protection are discussed in Section 4.4.11 of the Final EIR. Separation of the three cities would increase the ratio of sworn officer and support personnel per 1,000 population in the City of Los Angeles, and would decrease it for the territories of the new Valley, Harbor, and Hollywood cities. The analysis concluded that the three new cities, which include the new Hollywood City, would inherit existing inadequate levels of service.

The mitigation measures P1 through P9 from the Final EIR, as listed in section 3.6 of this document, will mitigate this impact to below a level of significance, provided similar mitigation measures are applied to the new Harbor and Valley Special Reorganizations.

4.2.8 OTHER SERVICES

Impact: With respect to the cumulative impacts on other services:

- Valley, Harbor, and Hollywood seniors may not have the benefits of the Aging services comparable to those services currently provided by the City of Los Angeles;
- If cultural affairs programs were discontinued, this could be a significant impact to Valley, Harbor, and Hollywood citizens;
- There could be shortfalls in emergency preparedness services, such as provided by staff that are located in downtown Los Angeles, along with critical equipment (computers and computer workstations); and

- Because of funding that is based on sales taxes, there could be a reduction of Downtown Area Short Hop (DASH) services to the remaining City of Los Angeles.

Finding: Implementation of the mitigation measures set forth in Section 3.22 of the Final EIR will reduce potential impacts related to police services to a level that is less than significant.

Facts Supporting the Finding

Potential impacts resulting from implementation of the Proposed Project include service level impacts and are discussed in Section 4.4.22 of the Final EIR. Many City of Los Angeles departments provide specialized or proprietary services that may be expensive, technically infeasible, or otherwise problematic for the proposed Hollywood City to duplicate, either through lack of sufficient staffing or lack of expertise.

The mitigation measures OS1 through OS7 from the Final EIR, as listed in section 3.7 of this document, will mitigate this impact to below a level of significance, provided similar mitigation measures are applied to the Harbor and Valley Special Reorganizations.

5.0 UNAVOIDABLE SIGNIFICANT ENVIRONMENTAL EFFECTS, IRREVERSIBLE ENVIRONMENTAL CHANGES, AND GROWTH INDUCING IMPACTS

5.1 UNAVOIDABLE SIGNIFICANT ENVIRONMENTAL EFFECTS

Consistent with CEQA Guidelines, Section 15126.2(b), possible significant impacts have been described in Chapter 3.0 of the Final EIR. With mitigation measures incorporated, there are no unavoidable adverse impacts associated with implementation of the Proposed Project. There would be no adverse environmental impacts for any of the resource issues analyzed in this Program EIR.

5.2 IRREVERSIBLE ENVIRONMENTAL CHANGES

Pursuant to CEQA Guidelines Section 15126.2(c) significant irreversible environmental changes have been considered and discussed in the Final EIR. No irreversible environmental changes were identified in Chapter 3.0 of the Final EIR. There were no uses of nonrenewable resources above what are used currently; therefore, additional nonrenewable resources would not be consumed as a result of the Proposed Project. The Proposed Project does not include the construction or operation of any new facilities. There would be no environmental accidents caused by the implementation of the Proposed Project.

Only locally serving assets will be transferred to the new Hollywood City, as these assets are geographically tied to the area. Regionally serving assets will remain with the City of Los Angeles. There would be no adverse impact with respect to commitment of physical assets.

5.3 GROWTH INDUCING IMPACTS

The Proposed Project would not remove physical obstacles to population growth or provide a catalyst for future unrelated development in the Hollywood Special Reorganization area. The Hollywood Special Reorganization area is an urbanized area, already largely developed, and the Proposed Project only consists of a reorganization of the local governance structure. What would be the remaining City of Los Angeles, should the Proposed Project be approved by the Commission and the voters, is also an urbanized area, already largely developed. The Applicant has not expressed any intention to modify zoning or land use or to construct any improvements that would result in growth inducing impacts. It is not anticipated that the Proposed Project would result in any modification of zoning or land use or the construction of any improvements in the remaining City of Los Angeles that would result in growth inducing impacts.

6.0 ALTERNATIVES TO THE PROPOSED PROJECT

Eight project alternatives and their potential impacts are discussed in Chapter 5.0 of the EIR. The Commission has considered these alternatives and makes the following findings.

6.1 “NO PROJECT” ALTERNATIVE

The “No Project” Alternative analysis is a discussion of existing conditions, or the circumstance under which the Proposed Project does not proceed. Impacts are described in the *Framework EIR* for the “No Project” Alternative with respect to existing conditions. Impacts would be less than significant with mitigation measures incorporated. With this alternative, no changes would occur to the natural or man-made environment from the Proposed Project. These are the same findings as for the Proposed Project.

Findings: There can be no assurances that the “No Project” Alternative would feasibly obtain most of the objectives of the Applicant. The “No Project” Alternative would not afford residents of the Hollywood Special Reorganization area greater local control than they already have as residents of the City of Los Angeles over local neighborhoods and decisions affecting their quality of life. The Applicant believes that this local control will enable the Hollywood Special Reorganization area to achieve its other objectives. Whether or not the Applicant’s other stated objectives could not be achieved through the City of Los Angeles’ continued governance of the Hollywood Special Reorganization area (the “No Project” Alternative) is speculative. It depends in large part on future discretionary decisions of the City of Los Angeles City Council and the various boards of commissioners and department heads of the City of Los Angeles that govern the provision of municipal services in the City.

6.2 APPLICANT’S BOUNDARIES (ALTERNATIVE I)

On January 23, 2002, the Commission approved the study of alternative boundary scenarios for the Proposed Project. The recommended boundary was analyzed as the Proposed Project. Alternative I is the boundary as proposed by the Applicant for the Hollywood Special Reorganization area. It generally follows the Proposed Project boundary except for approximately one additional square mile south of Melrose Avenue.

Findings: Existing conditions and environmental impacts would be essentially the same as the Proposed Project.

6.3 PROPERTY OWNERS’ AND HOMEOWNER ASSOCIATIONS’ ALTERNATIVE (ALTERNATIVE II)

The other alternative boundary scenario that the Commission approved for study on January 23, 2002, consisted of excluding all property owners and homeowners’ associations that requested exclusion from the Hollywood Special Reorganization area up to that time. Alternative II boundaries exclude all of these areas. This boundary generally excludes all territory south of Willoughby Avenue and East of Western Avenue.

Findings: Alternative II is not considerably different from the Proposed Project. Alternative II would not create any substantial environmental impacts. The major difference between this and the Proposed Project is the decrease in area covered.

6.4 ALTERNATIVE LOCATION (ALTERNATIVE III)

Alternative III is the location of the proposed Hollywood City in a different area within the City of Los Angeles or Los Angeles County, or Cities of Burbank, Glendale, West Hollywood, or Beverly Hills.

Findings: Alternative III would site the new Hollywood City in a location other than the Hollywood Special Reorganization area. Alternative III is infeasible, as the Proposed Project is location-specific. The Applicant obtained the required number of valid signatures to initiate LAFCO proceedings from a specific geographic area. The objectives of the Proposed Project are also specific to the geographic area identified in the application. While the Commission is authorized to modify the boundaries of the proposed Hollywood Special Reorganization area, it cannot wholly relocate the special reorganization area.

According to CEQA Guidelines, Section 15126.6(a), an EIR is not required to consider alternatives that are infeasible. Alternative III is infeasible; therefore, it will not be given further consideration in this document.

6.5 LOCAL CONTROL ALTERNATIVE (ALTERNATIVE IV)

The Local Control Alternative consists of modifying the governance structure of the City of Los Angeles to provide for more local control in the Hollywood Special Reorganization area. These modifications may include the redrawing of existing Los Angeles City Council districts so that the Hollywood Special Reorganization area becomes a separate bloc, establishment of neighborhood councils, and/or expansion of Hollywood membership in City of Los Angeles commissions.

Findings: Alternative IV may provide sufficient local control to fulfill some or all of the Applicant's objectives. Whether or not the Applicant's stated objectives could be achieved through modifications to the governance structure of the City of Los Angeles, however, is speculative. With the modifications discussed in Section 5.5 of the Final EIR, environmental impacts would likely be similar to those described in the *Framework EIR*. That is to say, environmental impacts would be less than significant with mitigation measures from the *Framework EIR* incorporated. This would be the same as the findings of the "No Project" Alternative and the Proposed Project. Other modifications to the governance structure of the City of Los Angeles, however, could result in significant environmental impacts not discussed in the *Framework EIR* and would need further environmental review depending on the modifications proposed.

There can be no assurances that Alternative IV would feasibly obtain most of the objectives of the Applicant. Alternative IV may afford residents of the Hollywood Special Reorganization area greater local control than they already have as residents of the City of Los Angeles; however, the Applicant's central objective is the creation of a separate city of Hollywood. Alternative IV cannot meet that central objective. Further, it is not within the power of the Commission to modify the governance structure of the City of Los Angeles as contemplated by Alternative IV.

6.6 NEW HOLLYWOOD CITY PROVIDES ALL SERVICES AND ADMINISTRATION ALTERNATIVE (ALTERNATIVE V)

With Alternative V, the new Hollywood City would provide all services, including the services that in the Proposed Project would be provided by the City of Los Angeles.

It may not be possible to divide existing infrastructure or equipment between the new Hollywood City and the City of Los Angeles. These City of Los Angeles services utilize large-scale systems that have been designed for specific uses, and would probably be difficult to divide. To separate the physical facilities and form entirely independent Hollywood City and City of Los Angeles systems could involve the construction of redundant facilities and delivery systems, creating potentially significant construction and operations environmental impacts. For other services currently provided by the City of Los Angeles, significant environmental impacts would come from having to replace facilities and equipment, or from not having the facilities, equipment, and locations to provide services. These significant environmental impacts would be a result of construction activities and service interruptions and/or lower service levels than those currently provided.

Findings: If Alternative V were chosen, CEQA analysis would have to be performed, and subsequent CEQA documents would have to be presented to the public for review. Alternative V would not likely be environmentally superior to the Proposed Project.

It may not be possible to divide existing infrastructure or equipment between the new Hollywood City and the City of Los Angeles. Those City of Los Angeles services utilizing large-scale systems that have been designed for specific uses would probably be difficult to divide. To separate the physical facilities and form entirely independent Hollywood City and City of Los Angeles systems could involve the construction of redundant facilities and delivery systems, creating potentially significant construction and operations environmental impacts. For other services currently provided by the City of Los Angeles, significant environmental impacts would come from having to replace facilities and equipment, or from not having the facilities, equipment, and locations to provide services. These significant environmental impacts would be a result of construction activities and service interruptions and/or lower service levels than those currently provided.

6.6 SHORTER OR LONGER TRANSITION PERIOD ALTERNATIVE (ALTERNATIVE VI)

Alternative VI contemplates a transition period that is substantially shorter or longer than the 18-month transition period of the Proposed Project. A shorter transition period could be one year or to the end of the fiscal year in which incorporation occurs (six months if the effective date is January 1, 2003), as requested by the City of Los Angeles. A longer transition period could be up to three years as requested by the Applicant.

Findings: To the extent that a substantially longer or shorter transition period may result in service level impacts or service interruptions, there may be environmental impacts associated with Alternative VI.

It is likely that the new Hollywood City would need to rely on the City of Los Angeles or other party to provide municipal services on its behalf for an amount of time necessary to negotiate an orderly transfer of service responsibility between the two cities. To the extent that a substantially longer or shorter transition period may result in service level impacts or service interruptions, there may be environmental impacts associated with Alternative VI.

With a transition period substantially shorter than 18 months, there would be less time for the new Hollywood City to determine its service requirements. This, coupled with less flexibility in providing an orderly transfer of service responsibility between the two cities, could have a significant impact on levels of service for residents of the new Hollywood City and the remaining City of Los Angeles.

A 3-year transition period, on the other hand, would provide sufficient time for negotiations for transfer of services to the new Hollywood City. However, it could place an undue burden on the remaining City of Los Angeles, which would be required to provide services for three years without the protections of a contract. Uncertainties with respect to service levels, payment provisions, and dispute resolution could lead to service interruptions in the Hollywood Special Reorganization area and/or the remaining City of Los Angeles.

6.7 ENVIRONMENTALLY SUPERIOR ALTERNATIVE

Alternative I would create a significant impact if the La Cienega-Melrose area were excluded, as this would create a non-contiguous City of Los Angeles area.

The No Project” Alternative and the Local Control Alternative (Alternative IV) would not fulfill the applicant’s objectives. Because these alternatives do not feasibly realize the Applicant’s objectives, they can be dismissed from further discussion. Alternative III can be dismissed also, as it is infeasible.

With Alternative V (New City Provides All Service and Administration), subsequent CEQA analysis would need to be performed. Additional mitigation measures may be required for significant environmental impacts. Alternative V would not be environmentally superior over the Proposed Project.

With Alternative VI (Shorter or Longer Transition Period), to the extent that a substantially longer or shorter transition period may result in service level impacts or service interruptions, there may be adverse environmental impacts.

Alternative II is not considerably different from the Proposed Project except with respect to size. It does not appear to be an alternative that is obviously environmentally superior to the Proposed Project.

7.0 FINDINGS REGARDING THE MITIGATION MONITORING AND REPORTING PROGRAM

As required by Public Resources Code Section 21081.6, the Commission, in adopting these Findings, also adopts a Mitigation Monitoring and Reporting Plan as prepared by the environmental consultant under the Commission's direction. This Plan is designated to ensure that, during Proposed Project implementation the mitigation measures adopted in these Findings shall be complied with.

In the event that the mitigation measures contained in the Mitigation Monitoring and Reporting Program do not use the exact wording of the mitigation measures recommended in the Final EIR, in each such instance, the mitigation measures in the Mitigation Monitoring and Reporting Program are intended to be identical or substantially similar to the recommended mitigation measures in the Final EIR. Any minor revisions were made for the purpose of improving clarity or to better define the intended purpose.

The Commission hereby finds that unless specifically stated to the contrary in these findings, it is the Commission's intent to adopt all mitigation measures recommended in the Final EIR. If a measure has, through error, been omitted from the Mitigation Monitoring and Reporting Program from these Findings, and that measure is not specifically reflected in these Findings, that measure shall be deemed to be adopted pursuant to this paragraph.

Section 21081.6 of the Public Resources Code requires that the Commission adopt a mitigation monitoring and reporting program regarding the changes in the project and mitigation measures imposed to lessen or avoid significant effects on the environment. As adopted by the Commission, it fulfills the CEQA mitigation monitoring requirements:

- The Mitigation Monitoring and Reporting Program is designed to ensure compliance with the changes in the project and mitigation measures imposed on the Proposed Project during project implementation; and
- Measures to mitigate or avoid significant effects on the environment are fully enforceable through permit conditions, agreements, or other measures.

8.0 CEQA GUIDELINES SECTION 15091 AND 15092 FINDINGS

Based on the foregoing Findings and the information contained in the administrative record, the Commission has made one or more of the following Findings with respect to each of the significant effects of the Proposed Project.

- A. Changes or alterations have been required in, or incorporated into, the Proposed Project, which avoid or substantially lessen the significant environmental effect as identified in the Final EIR.
- B. Some changes or alterations are within the responsibility and jurisdiction of another public agency and not the agency making the finding. Such changes have been adopted by such other agency, or can and should be adopted by such other agency.
- C. Specific economic, legal, social, technological, or other considerations make infeasible the mitigation measures or alternatives identified in the Final EIR.

Based on the foregoing Findings and the information contained in the administrative record, and as conditioned by the foregoing:

- A. All significant effects on the environment due to the Proposed Project have been eliminated or substantially lessened where feasible.
- B. Any remaining significant effects on the environment found to be unavoidable are acceptable due to overriding concerns as described in the Statement of Overriding Considerations.

Larry J. Calemine, Executive Officer, is the custodian of the documents or other material that constitute the record of proceedings upon which the Commission's decision is based. The documents are located at the offices of the Local Agency Formation Commission for Los Angeles County, 700 North Central Avenue, Suite 350, Glendale, CA 91203.

9.0 CEQA SECTION 21082.1 (C) FINDINGS

The Executive Officer retained LSA Associates, Inc. to prepare the EIR. The EIR was prepared under the direction and supervision of the Executive Officer and Commission staff.

Pursuant to Public Resources Code Section 21082.1(c)(3), the Commission hereby finds that the Commission, as Lead Agency, has independently reviewed and analyzed the Final EIR, and the Final EIR reflects the independent judgment of the Lead Agency.

10.0 LIST OF ACRONYMS AND REFERENCES

10.1 ACRONYMS

AQMP	Air Quality Management Plan
ATSAC	Automated Traffic Surveillance and Control System
Caltrans	California Department of Transportation
CEQA	California Environmental Quality Act
CNEL	Community Noise Equivalent Level
DASH	Downtown Area Short Hop Commuter Service
dBA	A-weighted decibel scale
DOG	California Department of Conservation Division of Oil and Gas
DWP	City of Los Angeles Department of Water and Power
EIR	Environmental Impact Report
Hollywood VOTE	Hollywood Voters Organized Toward Empowerment
LACFCD	Los Angeles County Flood Control District
LAFCO	Local Agency Formation Commission
MWD	Metropolitan Water District of Southern California
NOP	Notice of Preparation
NPDES	National Pollutant Discharge Elimination System
RWQCB	Regional Water Quality Control Board
SCAQMD	South Coast Air Quality Management District
SEA	Sensitive Ecological Area
SWRCB	State Water Resources Control Board

10.2 REFERENCES

1998 Planning, Zoning & Development Laws. California Governor's Office of Planning and Research, California Government Code Sections 65100-65763, Chapter 3, Local Planning, web site address: http://ceres.ca.gov/planning/pzd/1998/plan_3.html

Annual Report on Growth and Infrastructure, <http://www.lacity.org/pln/DRU/agr98/agr98.pdf>, Los Angeles Planning Department. April 2000.

Application to Initiate Proceeding for Change of Organization/Reorganization/Special Reorganization, Hollywood Vote Inc. Hollywood Vote, Inc. November 29, 2000.

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EXHIBIT D (CON'T)

CEQA FINDINGS OF FACT FOR THE ADDENDUM TO THE FINAL EIR FOR THE HOLLYWOOD SPECIAL REORGANIZATION Additional Potentially Excluded Areas LOS ANGELES COUNTY, CALIFORNIA

INTRODUCTION

On May 29, 2002, the Local Agency Formation Commission for Los Angeles County (the "Commission") requested Commission staff to analyze the potential exclusion of certain areas from the recommended boundary of the Hollywood Special Reorganization (the "Proposed Project"). These areas include the following:

- The Griffith Park portion of the new Hollywood City, located in the northeastern area;
- An area south of the border of West Hollywood, bounded by North Fairfax Avenue to the west, Melrose Avenue to the south, and North La Brea Avenue to the east; and
- The Los Feliz neighborhood located in the eastern portion of the area, bordered by North Western Avenue to the west, Los Feliz Boulevard to the north, Franklin Avenue and Ambrose Avenue to the south, and North Normandie Avenue and North Edgemont to the east.

The Commission's request came after completion of the Final Environmental Impact Report (EIR) for the Hollywood Special Reorganization. The Final EIR already discusses other potentially excluded areas that have become a part of the recommended boundary of the Hollywood Special Reorganization (Section 3.23) and, as alternatives to the Proposed Project, the Final EIR discusses the Applicant's proposed boundary (Alternative I, Section 5.2) and the exclusion of all areas requested to be excluded as of January 23, 2002 (Alternative II, Section 5.3). In the case of all potential exclusions and boundary alternatives discussed in the Final EIR, it was found that there were either no environmental impacts or the potential environmental impacts were no different from those discussed for the Proposed Project.

With respect to the three potential area exclusions identified above, an addendum was prepared pursuant to *CEQA Guidelines* Section 15164. The Commission hereby finds that subsequent EIR, pursuant to *CEQA Guidelines* Section 15162, is not required because:

1. As set forth in the addendum, exclusion of one or more of these areas does not constitute substantial changes to the Proposed Project that require major revisions to the Final EIR because there are no new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
2. No other substantial changes have occurred with respect to the circumstances of the Proposed Project that require major revisions to the Final EIR;
3. Although the potential for exclusion of these areas was not known in time for inclusion in the Final EIR, as set forth in the addendum, this new information is not of substantial importance and does not:
 - a. Have one or more significant effects on the environment not discussed in the Final EIR;

- b. Cause the significant effects previously examined in the Final EIR to be substantially more severe than shown in the Final EIR;
- c. Result in any impacts to the mitigation measures or alternatives previously discussed in the Final EIR; or
- d. Require the consideration of any new mitigation measures or alternatives that are considerably different from those analyzed in the Final EIR.

Pursuant to Section 15164, the addendum (Section 3.24 of the Final EIR) was not circulated for public review.

The Commission has received, reviewed, and considered the addendum, and the addendum reflects the independent judgment of the Commission regarding the environmental impacts of the potentially excluded areas discussed therein as incorporated in the Proposed Project.

Having received, reviewed, and considered the foregoing information, as well as any and all information in the administrative record, the Commission hereby makes Findings with respect to the subject matter of the addendum pursuant to and in accordance with Section 21081 of the Public Resources Code as follows:

PROJECT DESCRIPTION

The Proposed Project is the Hollywood Special Reorganization. It consists of a proposed special reorganization of the City of Los Angeles that would result in the formation of a new city (referred to herein as "Hollywood City") as a separate municipal entity within a portion of what is now the City of Los Angeles. The special reorganization has been proposed by Hollywood Voters Organized Toward Empowerment (Hollywood VOTE) (the "Applicant"), which has submitted a valid petition and application to the Commission to initiate these proceedings.

The boundaries of the Proposed Project are generally as follows: section line of Section 35, Township 1 North, Range 14 West and Hoover Street are located on the east; Melrose Avenue is on the south, Laurel Canyon Boulevard is on the west, and Forest Lawn Drive is on the north.

There are three additional areas that could be excluded from the Proposed Project boundaries. These include the following:

- The Griffith Park portion of the new Hollywood City, located in the northeastern area;
- An area south of the border of West Hollywood, bounded by North Fairfax Avenue to the west, Melrose Avenue to the south, and North La Brea Avenue to the east; and
- The Los Feliz neighborhood located in the eastern portion of the area, bordered by North Western Avenue to the west, Los Feliz Boulevard to the north, Franklin Avenue and Ambrose Avenue to the south, and North Normandie Avenue and North Edgemont to the east.

Griffith Park. Griffith Park is a public recreation area, with nature trails and interpretive facilities. With the proposed 448-acre area excluded, Griffith Park would remain entirely within City of Los Angeles boundaries.

South of West Hollywood. The 223-acre area south of the City of West Hollywood is primarily residential, with the exception of commercial uses along Melrose and Fairfax, two parks (including

the Poinsettia Recreation Center), and Warner Hollywood Studios. One public elementary school is located within this area on Melrose Avenue between North Formosa Avenue and North Detroit Street.

Los Feliz Neighborhood. The Los Feliz Neighborhood is an approximately 80-acre gated residential community. There are no public facilities located within this area.

The proposed form of government, service providers, number of employees, and equipment and facilities would not change as a result of the additional potentially excluded areas. The project objectives would remain the same as put forth by the Applicant, Hollywood VOTE.

PROJECT ANALYSIS

The detailed analysis of potential environmental impacts and proposed mitigation measures for the Hollywood Special Reorganization is presented in Chapter 3.0 of the EIR. For the analysis of the additional potentially excluded areas, analysis is contained in Section 3.24, an addendum to the EIR. The Commission concurs with the conclusions in Section 3.24 that there are no significant environmental impacts associated with the exclusion of these three areas.

ENVIRONMENTAL EFFECTS

The additional potentially excluded areas were evaluated in Section 3.24 and found to have no potential to cause significant impact and, therefore, require no project-specific mitigation measures.

Impact: With the additional exclusion of three areas from the territory of the Proposed Project, the Proposed Project could cause a non-contiguous City of Los Angeles "island" to occur within the boundaries of the Hollywood Special Reorganization area, significant changes in land uses, or significant decrease in service levels for the Hollywood Special Reorganization area or the remaining City of Los Angeles.

Finding: There would be no significant impacts resulting from the additional potentially excluded areas.

Facts Supporting the Finding

The total land use types would decrease in the new Hollywood City by 219 acres for residential, 27 acres for commercial, 13 acres for industrial, and 499 acres for open space if all three areas were excluded from the Proposed Project. Land use designations of all areas would remain the same regardless of what land is included in the Hollywood Special Reorganization area. There would be no impacts with respect to land uses, because no land use designations would be changed. The potential exclusions of the three areas would not create a non-contiguous island of City of Los Angeles land within the Hollywood Special Reorganization area.

There would be no changes in urban form; therefore, there would be no urban form impacts. Housing stock would remain the same in the potentially excluded areas. Griffith Park has no permanent population. Population in the area south of the City of West Hollywood and the Los Feliz Neighborhood is approximately 3,288 and would decrease the total population of the Hollywood Special Reorganization area by 2.1 percent, which would not be considered a substantial change. There would be no significant housing or population impacts.

If the three areas were excluded from the Hollywood Special Reorganization, solid waste, wastewater, water, and electricity services would continue to be provided by the City of Los Angeles. There would be no impacts with regards to cultural resources, public health, geologic and seismic conditions, biological resources, air quality, noise, and risk of upset and hazardous materials. All existing conditions related to these resources would continue with or without the potentially excluded areas. The City of Los Angeles would provide all other services discussed in Section 3.22 of the EIR for the three areas that would be excluded. Natural gas would continue to be provided by the Southern California Gas Company regardless of which jurisdiction controls the three areas.

Within the potentially excluded areas, the City of Los Angeles would continue responsibility for constructing local interconnecting tributary drains. For either jurisdiction of the potentially excluded areas (the new Hollywood City or the City of Los Angeles), the Los Angeles County Flood Control District would continue to construct the major storm drains and open flood control channels, as it does currently.

Transportation impacts would largely remain the same with or without the three areas. As discussed in Section 3.9 of the EIR, all impacts would be less than significant. No fire or police stations are located within the areas that could be potentially excluded. For fire and police services impacts, a decrease in population within the Hollywood Special Reorganization area of 2.1 percent would not substantially change the impacts discussed in Sections 3.10 and 3.11 of the EIR. With mitigation measures, the fire and police impacts would continue to be less than significant.

Schools impacts are discussed in Section 3.12 of the EIR. The potentially excluded areas do not include the initiation of any changes in the boundaries of the Los Angeles Unified School District. School districts are legal entities separate and apart from the cities and/or counties whose residents they serve. There would be no schools impacts.

As for libraries, they are generally designed to deliver neighborhood services, and the branch libraries would continue to serve the neighborhoods in which they are presently located. There is an existing unmet demand for library facilities in all areas of the City of Los Angeles, which would continue with or without the excluded areas.

As shown in Section 3.14 of the EIR, *Recreation and Open Space*, the new Hollywood City would have 657 more open space acres than the 10-percent required of all lands in the *Open Space and Conservation Element*. With a decrease of 499 acres in open space in the Hollywood Special Reorganization area, the 10-percent requirement for open space lands would still be met. The remaining City of Los Angeles would have 6,396 additional acres of open space beyond the 10-percent requirement. If the three areas were excluded from the Proposed Project, the additional 499 acres of open space would be added to the total of the remaining City of Los Angeles, and there would be no recreation and open space impacts to the remaining City of Los Angeles.

Because there would be no significant environmental impacts directly caused by the exclusion of these three additional areas, there would be no additional cumulative effects, unavoidable significant environmental effects, irreversible environmental impacts, or growth inducing impacts.

The first step in the process of creating a new product is to identify a market need. This can be done through market research, which involves gathering information about the target market and its needs. Once a market need has been identified, the next step is to develop a product concept. This concept should be based on the market need and should be unique and innovative. The product concept should then be developed into a detailed product plan, which outlines the features and benefits of the product.

The next step in the process is to develop a prototype. This is a physical model of the product that can be used to test the product concept and to gather feedback from potential customers. The prototype should be developed using the lowest cost materials and methods possible, so that it can be used to test the product concept without incurring high costs. Once the prototype has been developed, it should be tested in a controlled environment, such as a laboratory or a test market. This testing should be used to identify any problems with the product and to gather feedback from potential customers. Once the product has been tested, the next step is to develop a marketing plan. This plan should outline the strategies and tactics that will be used to promote the product and to reach the target market. The marketing plan should be developed based on the results of the product testing and should be used to guide the marketing efforts.

The final step in the process is to launch the product. This involves distributing the product to the target market and promoting it through various marketing channels. The product should be launched in a controlled environment, such as a test market, so that it can be tested in a real-world setting. Once the product has been launched, it should be monitored closely to ensure that it is meeting the needs of the target market and that it is being sold at a profit. If the product is not meeting the needs of the target market, then the marketing plan should be revised and the product should be re-launched. If the product is being sold at a profit, then the marketing plan should be revised to increase sales and to expand the product's reach.

Exhibit E
Hollywood Special Reorganization
Special Fund Balance Allocation Factors

	Hollywood
Special Fund Balance Allocations	
Sewer Construction and Maintenance Fund	0.00%
Special Gas Tax Street Improvement Fund	4.97%
Proposition A Local Transit Assistance Fund	4.97%
San. Equipment Charge Special Revenue Fund	5.09%
Street Lighting Maintenance Assessment Fund	4.58%
Community Development Trust Fund	4.97%
Proposition C Anti-Gridlock Transit Impr. Fund	4.97%
Stormwater Pollution Abatement Fund	8.06%
Convention Center Revenue Fund	0.00%
Local Public Safety Fund	4.88%
Special Parking Revenue Fund	8.70%
Zoo Enterprise Trust Fund	0.00%
Schedule 29 Allocations from other sources	4.49%
Traffic Safety Fund	4.97%
L. A. Conv. and Visitor's Bureau Trust Fund	4.74%
Spec. Police Communications/911 System Tax	0.00%
Job Training Partnership Act Trust Fund	4.97%
Workforce Investment Act	4.97%
Arts and Cul. Fac. and Services Trust Fund	4.72%
Supplemental Law Enforcement Services	4.97%
Reserve for Extraordinary Liability Claims	0.00%
Rent Stabilization Trust Fund	10.26%
Local Law Enforcement Block Grant Fund	4.97%
CERS - Airport Revenue	0.00%
Code Enforcement Trust Fund	4.97%
Spec. Fire Safety and Para. Communications	0.00%
Forfeited Assets Trust Fund	4.97%
Procurement Reengineering Trust Fund	0.00%
Mobile Source Air Pollution	4.97%
Affordable Housing Trust Fund	4.97%
Building and Safety Sys. Devel. Trust Fund	4.97%
HOME Investment Partnerships Program Fund	4.97%
Street Damage Restoration Fee Fund	4.27%
Telecom. Liq. Dam. and Lost Franchise Fees	4.97%
Staples Arena Special Fund	0.00%
El Pueblo de Los Angeles Hist. Mon. Rev.	0.00%
Household Hazardous Waste Special Fund	4.97%
Arts Development Fee Trust Fund	4.97%
City Employees Ridesharing Fund	4.97%
Major Projects Review Trust Fund	0.00%
Landfill Maintenance Special Fund	4.97%
Older Americans Act Fund	0.00%
Municipal Housing Finance Fund	4.97%
Neighborhood Empowerment Fund	4.88%
Local Transportation Fund	4.97%
Community Services Administration Grant	4.97%
City Ethics Commission Fund	4.27%
Park and Recreational Sites and Facilities Fund	4.97%
Housing Opportunities for Persons with AIDS	4.97%
Disaster Assistance Trust Fund	0.00%

EXHIBIT F

HOLLYWOOD LOCAL SERVICE-RELATED FACILITY ASSETS

This asset compilation includes local service-related facility assets, and does not include assets that are not related to a facility such as streets, storm drains, and databases. The facilities, except as otherwise indicated, along with all furnishings, fixtures, rolling stock and other equipment contained therein, shall vest in the new city. In addition, all other property and facilities not specified below located within the new city that are local serving assets or facilities discovered after the effective date shall be transferred to the new city. Intangible assets to be transferred to the new city are addressed in the resolution.

Facilities Retained by the City of Los Angeles

The City of Los Angeles shall continue to own the following assets; however, the City of Los Angeles shall provide Transition Period services to the new city with these facilities.

Miscellaneous Municipal Facilities

Mount Lee Communication Facility

Griffith Park, excluding the Hollywood Sign as set forth below

Hollywood Fire Stations:

Fire Station #27, 1327 N. Cole Avenue, 90028

Fire Station #35, 1601 N. Hillhurst Avenue, 90027

Fire Station #41, 1439 N. Gardner Street, 90046

Fire Station #52, 4957 Melrose Avenue, 90029

Fire Station #76, 3111 Cahuenga Boulevard, 90068

Fire Station #82, 1800 N. Bronson Avenue, 90028

Parking Facilities:

Hollywood and Highland parking facility, 90028 (the City's right, title and interest to this asset shall transfer to the new city after the parking system revenue bonds outstanding as of the date of the adoption of this Resolution are retired or paid off)

Assets Transferred to the City of Hollywood

These assets shall transfer to the new city as of the Effective Date if located within the boundary of the new city. The City of Los Angeles shall be entitled to use these assets, at no cost, for the provision of services to the new city during the Transition Period. No assets of the proprietary departments of the City of Los Angeles shall transfer as a result of the Hollywood Special Reorganization. Should it later be determined that any asset listed herein was, as of the date of this Resolution, under the ownership and control of one of the proprietary departments, that asset(s) shall not transfer. No asset listed here shall transfer if it is later determined to be located outside of the boundary of the new city as set forth in Exhibits A and B of this Resolution.

If any of the following assets are identified by the City of Los Angeles as facilities that are used under a lease or permitting arrangement, then if the terms of the lease permit, these leases shall transfer to the new city.



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If any of the following assets are debt-financed with debt outstanding, the asset shall not transfer until the associated debt has been paid off.

Hollywood Police Stations:

Hollywood Community Police Station, 1358 N. Wilcox Avenue, 90028

Hollywood Public Libraries

Cahuenga Branch, 4591 Santa Monica Boulevard, 90029

Frances Howard Goldwyn/Hollywood Regional Branch, 1623 N. Ivar Avenue, 90028

John C. Fremont Branch, 6121 Melrose Avenue, 90038

Los Feliz Branch, 1874 Hillhurst Avenue, 90027

Will and Ariel Durant Branch, 1403 N. Gardner Street, 90046 (replacement facility address is 7140 W. Sunset Boulevard, 90046)

Hollywood Public Parks

Barnsdall Art Park, 4800 Hollywood Boulevard, 90027-5390

De Longpre Park, 1350 N. Cherokee Avenue, 90025

Dorothy & Benjamin Smith Park, 7020 Franklin Avenue, 90028

Lexington Park, Lexington Ave and Western Avenue, 90038

Runyon Canyon Park, 2000 N. Fuller Avenue, 90046

Selma Park, Schrader Boulevard and Selma (under construction)

Wattles Garden Park, 1850 N. Curson Avenue, 90046

William S. Hart Park, 8341 DeLongpre Avenue, 90028

Yucca Park, 6671 Yucca Street, 90028

Hollywood Recreation Centers

Howard Recreation Center, 1122 Cole Avenue, 90038

Lemon Grove Recreation Center, 4959 Lemon Grove Avenue, 90029

Poinsettia Recreation Center, 7341 Willoughby Avenue, 90046

Miscellaneous Hollywood Municipal Facilities

Tax and Permit Division Office, 6501 Fountain Avenue, 90028

Las Palmas Senior Citizen Center, 1820 N. Las Palmas Avenue, 90028

Parking Lot #619 Sunset-Gardner, 1453 N. Gardner Street, 90046

Parking Lot #675 Vermont-Hollywood, 4642 Russell Avenue, 90027

Parking Lot #670 Hollywood-Vine, 1718 Cherokee Avenue, 90028

Parking Lot #702 Hollywood-Vine, 1623 N. Vine Street, 90028

Hollywood Sign